

KEPPEL OPP'N EXH. 18

AGILITY

Capturing Value

Report to
Shareholders
2014

AGILITY

Capturing Value

Agility marks the ability of the Keppel Group to respond to market and environmental changes in ways that drive performance and build competitive advantage. We are configured with our financial and organisational strengths to navigate challenging terrain and scour new markets, offer new solutions through innovation, and execute with precision and enhanced productivity.

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VISION

A global company at the forefront of our chosen industries, shaping the future for the benefit of all our stakeholders – Sustaining Growth, Empowering Lives and Nurturing Communities.

MISSION

Guided by our operating principles and core values, we will execute our businesses in Offshore & Marine, Property, Infrastructure and Investments profitably, safely and responsibly.

OPERATING PRINCIPLES

- 1 Best value propositions to customers.
- 2 Tapping and developing best talents from our global workforce.
- 3 Cultivating a spirit of innovation and enterprise.
- 4 Executing our projects well.
- 5 Being financially disciplined to earn best risk-adjusted returns.
- 6 Clarity of focus and operating within our core competence.
- 7 Being prepared for the future.

Key Figures for 2014

Revenue

\$13.3b

**Increased 7% from
FY 2013's \$12.4 billion.**

Revenue increased due mainly to higher revenue recognition from the ongoing Offshore & Marine jobs and better performance of the logistics and data centre businesses. These were partially offset by lower revenue from the power generation plant.

Net Profit

\$1,885m

**Increased 2% from
FY 2013's \$1,846 million.**

Net profit increased due mainly to the Offshore & Marine and Infrastructure business, as well as gains from disposals of data centre assets, Keppel FMO Pte Ltd, Equity Plaza, Prudential Tower and MBFC Tower 3 in FY 2014. These were partially offset by lower contribution from the sale of residential properties.

Economic Value Added

\$1,778m

**Increased \$636 million from
FY 2013's \$1,142 million.**

The record high Economic Value Added was due mainly to higher gains from divestment of assets.

Earnings Per Share

\$1.04

**Increased 2% from
FY 2013's \$1.02 per share.**

There was no significant dilution in Earnings Per Share because no major capital call was made since 1997.

Return On Equity

18.8%

**Decreased by 0.7 percentage
point from FY 2013's 19.5%.**

Despite higher net profits, Return On Equity decreased due mainly to higher equity.

Net Asset Value Per Share

\$5.73

**Increased 7% from
FY 2013's \$5.37 per share.**

Cash Dividend Per Share

48.0cts

**Increased 20% from FY 2013's cash
dividend of 40.0 cents per share.**

Total distribution for FY 2013 comprised a total cash dividend of 40.0 cents per share and a special distribution in specie of eight Keppel REIT units for every 100 shares held in the Company (equivalent to 9.5 cents per share).

Net Gearing Ratio

0.11x

Comparable to 0.11x as at end-2013.

Net gearing remained at a healthy level.

02

Group Financial Highlights

+2%
from FY 2013

No significant dilution in Earnings Per Share because no major capital call was made since 1997.

-4%
from FY 2013

Despite higher net profits, Return On Equity decreased due to higher equity.

+7%
from FY 2013

Increased 7% from FY 2013's \$5.37 per share.

+56%
from FY 2013

The record high Economic Value Added was due mainly to higher gains from divestment of assets.

EARNINGS PER SHARE (\$)

FY 2014

FY 2013

1.04

1.02

RETURN ON EQUITY (%)

FY 2014

FY 2013

18.8

19.5

NET ASSET VALUE PER SHARE (\$)

FY 2014

FY 2013

5.73

5.37

ECONOMIC VALUE ADDED (\$ million)

FY 2014

FY 2013

1,778

1,142

GROUP QUARTERLY RESULTS (\$ million)

	2014					2013				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Revenue	2,996	3,177	3,185	3,925	13,283	2,759	3,076	2,947	3,598	12,380
EBITDA	478	533	632	996	2,639	451	482	633	811	2,377
Operating profit	415	467	565	926	2,373	397	423	568	746	2,134
Profit before tax	492	593	642	1,162	2,889	496	519	670	1,109	2,794
Net profit	339	406	414	726	1,885	357	347	457	685	1,846
Earnings per share (cents)	18.7	22.3	22.9	39.9	103.8	19.8	19.2	25.3	38.0	102.3

	2014	2013	% Change
For the year (\$ million)			
Revenue	13,283	12,380	+7%
Profit			
EBITDA	2,639	2,377	+11%
Operating	2,373	2,134	+11%
Before tax	2,889	2,794	+3%
Net profit	1,885	1,846	+2%
Operating cash flow	5	637	-99%
Free cash flow*	729	654	+11%
Economic Value Added (EVA)	1,778	1,142	+56%
Per share			
Earnings (\$)	1.04	1.02	+2%
Net assets (\$)	5.73	5.37	+7%
Net tangible assets (\$)	5.67	5.32	+7%
At year-end (\$ million)			
Shareholders' funds	10,381	9,701	+7%
Non-controlling interests	4,347	3,988	+9%
Capital employed	14,728	13,689	+8%
Net debt	1,647	1,535	+7%
Net gearing ratio (times)	0.11	0.11	-
Return on shareholders' funds (%)			
Profit before tax	22.4	23.0	-3%
Net profit	18.8	19.5	-4%
Shareholders' value			
Distribution (cents per share)			
Interim dividend	12.0	10.0	+20%
Final dividend	36.0	30.0	+20%
Special distribution <i>in specie</i>	-	9.5	-100%
Total distribution	48.0	49.5	-3%
Share price (\$)	8.85	11.19	-21%
Total Shareholder Return (%)	(17.8)	9.0	n.m.

n.m. = not meaningful

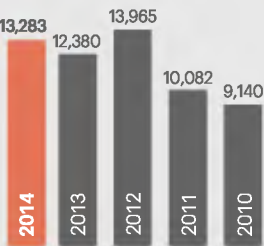
* Free cash flow excludes expansionary acquisitions and capex, and major divestments.

KEPPEL CORPORATION

Revenue (\$ million)

\$13,283m

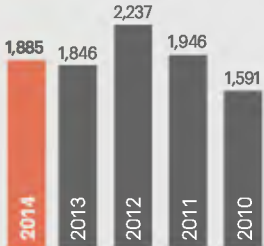
▲ 7%
increase from
FY 2013's \$12,380m.



Net Profit (\$ million)

\$1,885m

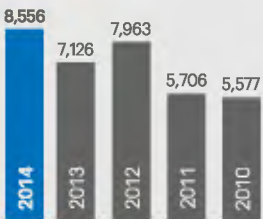
▲ 2%
increase from
FY 2013's \$1,846m.



OFFSHORE
& MARINE

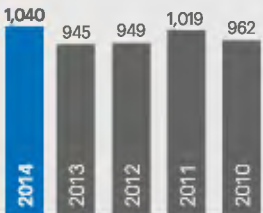
Revenue (\$ million)

\$8,556m



Net Profit (\$ million)

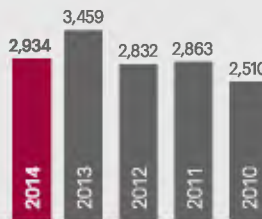
\$1,040m



INFRASTRUCTURE

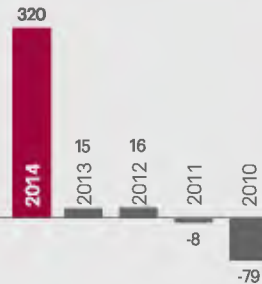
Revenue (\$ million)

\$2,934m



Net Profit (\$ million)

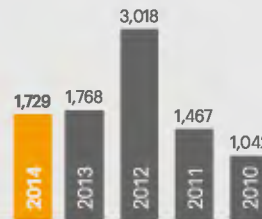
\$320m



PROPERTY

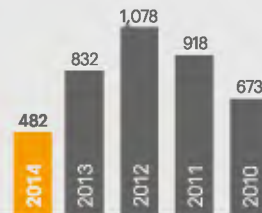
Revenue (\$ million)

\$1,729m



Net Profit (\$ million)

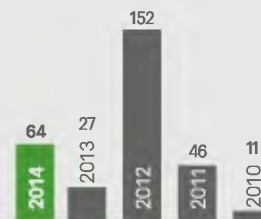
\$482m



INVESTMENTS

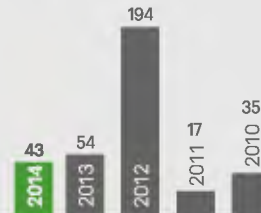
Revenue (\$ million)

\$64m



Net Profit (\$ million)

\$43m



STRATEGIC DIRECTIONS

- Stay focused on multi-business model and core competencies, while seeking opportunities in close adjacencies.
- Sharpen execution through constant improvements to optimise productivity and efficiencies.
- Invest continuously in Research & Development and innovation to provide customers with the best value proposition.
- Bolster bench strength through talent management and succession planning.
- Maintain strong financial discipline and deploy capital astutely to seize opportunities for the best risk-adjusted returns.

FOCUS FOR 2015/2016

- Sharpen execution to extract value from backlog of orders.
- Harness synergy of global yards to provide newbuild, repair and upgrading solutions to customers.
- Maintain emphasis on technology development to sharpen competitiveness.
- Seize opportunities in new markets and adjacent businesses for long-term growth.

FOCUS FOR 2015/2016

- Complete the proposed combination of KIT and CIT, enhance the asset portfolio and seek acquisition opportunities.
- Complete the Engineering, Procurement and Construction projects in the UK and Qatar.
- Grow expertise in Waste-to-Energy technology package deployment and expand market share in Singapore and China.
- Expand logistics business in target markets in Asia Pacific, and grow a pipeline of quality data centre assets for injection into the newly-listed Keppel DC REIT.

FOCUS FOR 2015/2016

- Invest strategically and opportunistically in developed and emerging markets, new platforms, projects and properties.
- Scale up commercial presence overseas.
- Monetise assets to recycle capital.
- Grow fund management businesses for steady recurring income.
- Step up sustainability efforts.

FOCUS FOR 2015/2016

- k1 Ventures will manage its investment portfolio to create shareholder value and distribute excess cash as and when its investments are monetised.
- KrisEnergy will focus on executing its planned development projects, maximising production efficiencies and controlling capital expenditure.
- M1 will focus on delivering better user experience to further increase market competitiveness.

Keppel Around the World

With a global presence in 30 countries, we leverage our *Near Market, Near Customer* strategy to create sustainable growth and value.

- Offshore & Marine ●
- Infrastructure ●
- Property ●
- Investment ●

Total FY 2014 Revenue
\$13,283m

Group revenue was 7% higher than in FY 2013.

North America
\$2,745m

South America
\$1,846m

Europe
\$1,872m

Middle East
\$882m



Singapore
\$3,941m

China & Hong Kong
\$695m

Rest of the World
\$1,079m

Japan & South Korea
\$78m

Australia
\$145m

* The figures are based on the geographic locations of the Keppel Group's customers.

Chairman's Statement

LEE BOON YANG
CHAIRMAN

Amidst industry headwinds, Keppel continues to respond with agility to deliver solid results. In 2014, we posted a net profit of \$1.9 billion and a Return on Equity of 18.8%. Economic Value Added grew 56% to a record of \$1.8 billion.

Dear Shareholders,

2014 has been a challenging year, fraught with uncertainties in the global economy and geo-political tensions. Market jitters intensified as oil prices plunged in the latter half of the year, from a height of US\$115 a barrel in June 2014 to under US\$50 at the start of 2015.

Volatility is expected to persist in 2015 as markets react to the slowing global growth and price declines in oil and other commodities. Escalating geo-political tensions in some regions will continue to threaten the uneven and brittle global recovery.

RESILIENT PERFORMANCE

Amidst these headwinds, Keppel continues to deliver solid results. In 2014, we achieved a full year net profit of \$1.9 billion, 2% higher than 2013. Return on Equity (ROE) was marginally lower at 18.8% compared to 19.5% a year ago. Economic Value Added grew 56% to a record of \$1.8 billion.

The Group registered four successive quarters of revenue growth in 2014. Turnover of \$13.3 billion for the whole year improved 7% or \$0.9 billion over the previous year, as a result of higher revenue from our Offshore & Marine (O&M) Division. With greater revenue and divestment gains, operating profit grew 11% to \$2.4 billion.

Keppel has been consistent in sharing the rewards of its sterling performance. On average, almost half of our annual net profit is distributed to shareholders each year. The Board is pleased to propose a final dividend of 36 cents per share for 2014. This takes the full year cash dividend to 48 cents per share, compared to the total cash payout of 40 cents per share in 2013.

Our vision is to be a global company at the forefront of our chosen industries, shaping the future for the benefit of all our stakeholders. We will focus on our core competencies, to execute our businesses in O&M, Property, Infrastructure and Investments profitably, safely and responsibly.

OFFSHORE & MARINE

Rising costs and the sharp decline in oil prices in the last three quarters have eroded returns for oil companies, causing them to review and put some of their planned exploration and production projects on hold. Current dayrates for ultradeep and deepwater rigs have fallen by a third since 2013, although that for high specification jackups have remained more resilient, declining by about 15% since early 2014. The oncoming fleet of unchartered shallow and deepwater rigs, to be delivered in the 2015-2016 period, has also fueled concerns of an oversupply.

As a global leader in the offshore and marine industry, Keppel is not immune to business cycles and market headwinds. While we cannot be certain of how long oil prices will take to recover and stabilise, we believe that they are not sustainable at the current low levels for an extended period. The market will have to move towards a new equilibrium, driven by demand and supply.

The environment in Brazil, where we have been operating for the past 15 years, continues to be challenging. Recent funding difficulties for Sete Brasil have raised concerns on the rigs that we are building for them. However, we are confident that Brazil will require these rigs and we have been assured by our customer of their relentless efforts to secure financing for them. We remain committed to delivering these rigs according to the contracts.

The oil and gas industry has had a long history of volatility. Keppel Offshore & Marine (Keppel O&M), however, has emerged more resilient through several past crises. Despite the present uncertainties, we are convinced of the long-term fundamentals discussed in the industry review section of this report. I am also confident that Keppel O&M is robust enough to ride out of this downturn as it had done in previous cycles.

Keppel has been consistent in sharing the rewards of its sterling performance. On average, almost half of our annual net profit is distributed to shareholders each year.

Chairman's Statement

Today, Keppel O&M is in a much stronger position. In FY 2014, the company secured \$5.5 billion of contracts, bringing several new and innovative solutions to market such as the Floating LNG vessel conversions, the KFELS N Plus jackup and the LB310 liftboat, among others. By year-end, the Division had amassed a solid \$12.5 billion backlog with established customers. This will cushion us comfortably for the next two years.

Building on our *Near Market, Near Customer* strategy, we look forward to finalise our partnerships with Petroleos Mexicanos (PEMEX) and the Titan Petrochemicals Group, both of which promise quality growth for Keppel in different geographies.

Our joint venture with PEMEX to develop a yard in Altamira is well-timed with the opening up of the Mexico's oil and gas sector. There will be demand growth for offshore solutions for years to come as the country seeks to boost its crude oil production, which has fallen since 2004, by a million barrels a day.

The 30-year Management Services Agreement to operate the Titan Quanzhou Shipyard in Fujian Province will enable us to compete for orders to serve the exploration and production demand in Chinese waters.

We will continue to build on our *Near Market, Near Customer* strategy as well as core strengths in execution and technology innovation through sustained investments in research and development and productivity. Our efforts will position Keppel to ride the next up cycle, offering even better solutions to customers worldwide.

INFRASTRUCTURE

Our concerted efforts to reshape and strengthen the Infrastructure Division into a sturdy pillar for the Group are starting to bear fruit. In December 2014, we successfully listed Asia's first data centre REIT on the Singapore Exchange, raising a total of \$513 million through a landmark initial public offering (IPO).

Keppel DC REIT's portfolio, constituting \$1 billion of Assets Under Management (AUM), comprises eight high-quality data centres which are strategically located in seven key data centre hubs across Asia-Pacific and Europe. We are confident of developing Keppel DC REIT into a strategic contributor to the Group just as how we have grown Keppel REIT into one of Singapore's largest listed REITs with an AUM of \$8.2 billion today, from just \$631 million in 2005.

Riding on strong demand for quality data centre space in Europe, Keppel Telecommunications & Transportation (Keppel T&T) acquired Almere Data Centre 2 in the Netherlands last year. Almere 2 offers over 5,000 square metres (sm) of data centre space, and is strategically located next to Almere 1, which has already been injected into Keppel DC REIT. Keppel T&T also commenced operations of a 10,000-sm warehouse in Australia, as well as completed its Tampines Logistics Hub in Singapore and a distribution centre in Vietnam.

Since the formation of Keppel Infrastructure (KI) over a year ago, we have made steady progress streamlining our focus on energy-related infrastructure and services. In November 2014, we announced the proposed combination of Keppel Infrastructure Trust (KIT) with CitySpring Infrastructure Trust, and the planned injection of 51% interest in Keppel Merlimau Cogen Pte Ltd, which owns the 1,300 MW co-generation plant, into the enlarged entity.

These transactions will create the largest listed Singapore infrastructure-focused business trust with a market capitalisation of more than \$2 billion and total assets of over \$4 billion. KIT, with improved scale and liquidity, will be better positioned for future growth.

RAISED
\$513m
through the IPO of
Keppel DC REIT in 2014.

**UNLOCKED VALUE
OF APPROXIMATELY**
\$1b
in the Property Division from
the sale of MBFC Tower 3
and other assets in 2014.



We will continue to grow Keppel DC REIT and KIT by creating and stabilising a pipeline of quality assets for injection while recycling our capital for better returns.

With the completion of the Doha North Sewage Treatment Works in Qatar and Phase 2 of the Greater Manchester Energy-from-Waste Plant in the UK close at hand, we are turning our attention to grow KI as a stable contributor to the Group's bottom line. During the year, we continued to streamline our operations with the divestment of our facilities management business, Keppel FMO.

01

Keppel O&M's solid contract backlog of \$12.5 billion with established customers will keep our yards busy for the next two years.

PROPERTY

The protracted effects of cooling measures in Singapore and China have resulted in slower home sales for Keppel Land, which sold over 2,000 units in Asia in 2014, compared to about 4,400 units a year ago. The headwinds are likely to keep a lid on demand from homebuyers and residential prices in Singapore. China, on the other hand, has started to relax its housing and monetary policies in some cities since 3Q 2014, resulting in better sales volumes.

Keppel Land will continue to monitor the markets closely to launch residential projects from its pipeline of about 70,000 homes across Asia. It is also actively developing its portfolio of commercial properties overseas, which comprises about 819,000 sm of gross floor area. Its joint venture with Array Holdings, a retail management firm which is involved in managing one of the larger portfolios of regional malls in Singapore and Malaysia, is part of our strategy to develop Keppel Land into a multi-faceted property player.

Even as we extend our pipeline of residential and commercial developments, we will continue to actively prune our portfolio, unlocking value and recycling capital for better returns. We have extracted almost \$1 billion from the sale of Marina Bay Financial Centre (MBFC) Tower 3 and other divestments in 2014. This adds to our war chest for opportunistic investments such as the mixed-use development in New York and a freehold office building in London, which will enable us to tap into key global cities with growth potential.

Both New York and London investments will be managed by Keppel Land's fund management subsidiary, Alpha Investment Partners. More than an example of dexterity in seizing opportunities for higher returns, it also showcases how we leverage the collective strength of Keppel's business units for growth. Our fund management businesses will continue to feature strongly in the Group's capital recycling strategy for matured projects, while providing stable income streams over the longer term.



01

01

The divestment of MBFC Tower 3 adds to the war chest for new investments.

CORPORATE SUSTAINABILITY

Sustainability is a key factor in underpinning Keppel's long-term competitiveness. We are committed to *Sustaining Growth* in our businesses, *Empowering Lives* of people and *Nurturing Communities* wherever we operate.

We started building our sustainability framework in 2009 to guide the Group's efforts in managing and developing such priorities. Our efforts, driven by the top management, have also imbued a greater consciousness of and ownership for Environmental, Social and Governance (ESG) matters within the Group over the years.

In 2014, Keppel Corporation was listed as a component of several global sustainability indices for outstanding ESG performance. These include the Euronext Vigeo World 120 index, the MSCI Global Sustainability Index and the Dow Jones Sustainability Asia Pacific Index 2013/14. Keppel Corporation also topped the Governance & Transparency Index as the best governed and most transparent listed company in Singapore.

Safety is a core value which influences decisions at every level in Keppel. Our Board Safety Committee was established in 2006 to lead efforts in building a strong safety culture in the Group.

We are committed to creating a safe workplace for all our employees and other stakeholders. We regret that despite our best efforts, we suffered four fatalities globally in 2014. We are deeply saddened by the loss of colleagues and friends. We have investigated these incidents thoroughly and instituted measures to prevent any such recurrence. Lessons learnt have been extensively shared across the Group. Our resolve to ensure that no one gets hurt at Keppel's workplaces has only strengthened.

In addition to ensuring the safety and well-being of our employees, we encourage and enable them to pursue learning and professional development opportunities. In 2014, we invested \$14.2 million in the training and development of our employees globally. Besides collaborating with reputable business schools and industry experts to develop effective and holistic leadership programmes, we established training centres to upgrade employees' technical skills and qualifications. Our practice of providing employees with multiple pathways for career advancement was lauded by Singapore's Prime Minister Lee Hsien Loong during his National Day Rally Speech in 2014.

Our commitment to sustainability extends to our communities. Keppel Care Foundation was launched in 2012, with the objectives to assist the needy and underprivileged, promote education, and encourage eco-conscious initiatives. Our Keppel Volunteers have expanded the range of supported causes to include elderly care, education and environmental protection, as well as introduced initiatives that leverage our employees' skills and interests.

In the past year, we have made efforts to better integrate our community initiatives for greater focus and impact. Beyond monetary contributions, Keppel Volunteers will be supporting Keppel Care Foundation through engaging its beneficiaries and taking part in joint activities. Keppel Volunteers will also be forming overseas chapters to further encourage corporate volunteerism in the countries where we operate.

We will be publishing Keppel Corporation's fifth sustainability report, which discusses the economic, environmental and social aspects of our activities in line with the Global Reporting Initiative standards. Highlights of our sustainability efforts are outlined in this Annual Report.

BOARD APPOINTMENT

I would like to express my deep appreciation of the late Mr Teo Soon Hoe who had served on the Board as an Executive Director for 28 of his 40 years of faithful service to Keppel. Mr Teo had made tremendous contributions to the Group's growth through the decades.

Keppel's leadership transition in 2014 has been smooth and successful. I am confident that with continued support of all stakeholders, our leadership team headed by Group CEO, Mr Loh Chin Hua will be able to propel the Group to greater heights.

On behalf of the Board, I am pleased to welcome Mr Till Vestring as Independent Director on the Company's Board. Mr Vestring is a partner in Bain & Company's Southeast Asia office. He has spent over two decades in Asia, providing management consulting to a wide spectrum of companies in industrials, airlines and telecoms. As Keppel continues to grow multiple businesses on a global scale, Mr Vestring's expertise in portfolio strategy, mergers and acquisitions, organisation and performance improvement will be invaluable.

LOOKING AHEAD

With our emphasis on sustainable and long-term growth, the Board and management team have shaped a clear vision and strategy to guide the Group towards our goals. This means building on our multi-business model and diverse strengths to ensure that we not only perform well today but also shape future success.

I would like to thank my fellow directors for the hard work and valuable input, and our many partners and stakeholders for their unwavering support. This, coupled with the dedication of Keppelites worldwide, puts us in a strong position to meet challenges and seize new opportunities to grow the Keppel Group as a strong and best-in-class conglomerate.

Yours sincerely,

Keppel's efforts in providing employees with multiple pathways for career advancement was lauded by Singapore's Prime Minister Lee Hsien Loong during his National Day Rally Speech in 2014.



LEE BOON YANG
CHAIRMAN
3 March 2015

Interview with the CEO

LOH CHIN HUA
CEO

We aspire to be the best-in-class global conglomerate with strong verticals, offering the best value propositions to our customers through a continuous focus on enterprise and innovation, anchored on strong execution.



Describe your first year at the helm of Keppel Corporation. How do you see Keppel under your leadership?



I am privileged to be guided and supported by a strong and wise Board, building on the solid foundation of my predecessors Chiau Beng and the late Soon Hoe. Backed by a loyal and dedicated team fired by the Can Do! Spirit, the leadership transition not only at Keppel Corporation but also the business units, I must say, has been enviably smooth.

Our vision is to become a global leader in our chosen industries, shaping the future, doing well and doing good, for the benefit of all our stakeholders. We aspire to be the best-in-class global conglomerate with strong verticals, offering the best value propositions to our customers through a continuous focus on enterprise and innovation, anchored on strong execution. Our focus on businesses that support the world's need for energy as well as trends in urbanisation, energy efficiency and sustainability remains unchanged.

There are immediate tasks navigating the headwinds we are facing in the Offshore & Marine (O&M) and Property businesses. But we are staying the course on a multi-year roadmap with reasonable targets to take the Group into 2020, to achieve growth, build a stronger Keppel, and develop and maximise the potential of our people.



With the sharp decline in oil prices and global exploration and production spending cuts, how will Keppel navigate the downturn?



The turbulence in the industry today has not altered the long-term fundamentals of this business. The world's growing population will demand more energy while major producing oil fields are declining rapidly. At an average decline rate of 5% each year, the world could lose as much as 20-30 million barrels per day (mbpd) within 5 years, which is about the average consumption rate in Asia.

As conventional reserves are exhausted, oil companies will need to push the limits of technology to gain access to resources in deeper water and harsher frontiers, which today's low oil prices do not effectively support. The oil and gas sector will inevitably move towards a new equilibrium, driven by demand and supply dynamics, as experienced in previous cycles. As things stand today, the over production of oil is no more than 1.5 mbpd, less than 2% of the 93 mbpd of total oil production.

While we cannot be certain how long before oil price stabilises, before companies find comfort in E&P spending, Keppel is in a stronger position today with a solid contract backlog of \$12.5 billion as at end-2014, filled mainly by established customers. This will keep our yards busy for the next two years, and allow us to remain selective of projects that translate into reasonable margins for the Group, without taking undue risks.

Keppel is in a stronger position today with a solid contract backlog of \$12.5 billion as at end-2014, filled mainly by established customers.

Despite current oil price levels, some offshore prospects are still viable in geographies such as Southeast Asia, the Middle East and Latin America. We are also likely to see an acceleration in the replacement of the large global fleet of rigs aged 25 years and above.

Granted that not all new rigs will be delivered as scheduled, those that do enter the market in 2015-2016 are likely to take on lower dayrates to stay active. This will force older rigs which are less efficient and less productive into idling. They are likely to be scrapped as they are costly to upgrade and re-deploy.

We have seen an average attrition rate of 12 rigs per year from 2011-2014, compared to four rigs annually in the preceding 11-year period. The scrapping is healthy for the offshore drilling industry as capacity is being taken out from the market gradually, making headroom for dayrates to rise again. The market will find its equilibrium.

We will continue to build on our core strengths in execution and technology, as well as invest in R&D and productivity to come up with even better solutions and value propositions for our customers. We will also continue to extend our *Near Market, Near Customer* strategy by accessing the Mexican and Chinese rig markets, both of which hold huge promise.

Interview with
the CEO

Do you expect any customers to cancel or reschedule projects which Keppel's yards are currently executing?



No, we do not expect any rig cancellations. Over the years, Keppel has been disciplined about taking on well-defined contracts with acceptable pricing and payment terms from reputable customers to ensure that the Group is adequately compensated for the risks that it will assume.

Our orderbook is filled mainly by established customers who have made substantial down payments for their rigs. It would not make sense for any of them to cancel their projects, which are progressing well on track.

We will, if genuine need arises, facilitate customers who seek to defer their rig deliveries but they may have to incur additional costs.



The situation in Brazil seems to have worsened with Petrobras' corruption scandal and Sete Brasil's funding problems. What is the impact on your operations in Brazil and how is Keppel mitigating the risks?



I would like to reassure our stakeholders of the Group's integrity and our Code of Conduct which prohibits bribery and corruption, among other unethical behaviours. We comply strictly with international standards of anti-corruption, as well as the applicable laws and regulations of our host countries, guided by the Group's robust risk management framework and internal controls.

The first three of six DSS™ 38E semisubmersibles being constructed for Sete Brasil at our BrasFELS shipyard are on track. They are respectively over 85%, 50% and 25% completed and we have received payments for them up to November last year. We have also received a 10% down payment for the remaining three units.

Although there have been some delays in further payments, we do not expect Sete Brasil to cancel their projects with Keppel, considering the significant progress that we have achieved on the construction of these rigs.



01

Keppel has endeavored to offer value-added technology and solutions to its customers, such as the Floatel Victory built for Chevron.



With the present market conditions, there should be many good merger and acquisition opportunities in the O&M sector. How do you plan to capture opportunities for growth?



The property sector continues to be challenged by residential cooling measures in Singapore and China, as well as slower growth in some developing countries where Keppel is present. What are your long-term plans to improve returns from the Property Division?

We have also been assured by our customer that they have been working hard to get long-term funding in place.

Despite the challenging market in Brazil, Keppel has been able to navigate it well over the past 15 years by being prudent. We scope our contracts very carefully and are mindful of only taking on projects that we are confident of executing safely, on time, on budget and within good margins. We have also been investing sensibly to enhance our facilities, execution and productivity, so as to ensure that we are always functioning at an optimal level. Over commitment in capex spending in good years for a cyclical industry can be value destroying; this is something we have always been very disciplined on.

In addition to Petrobras and Sete Brasil, BrasFELS also serves a diverse base of other operators and drillers such as Modec, Noble, Diamond and Ensco. While remaining watchful of developments in Brazil, I am confident of our ability to weather the present uncertainties. Until Petrobras puts its house in order, short-term news flow from Brazil is expected to be negative.



Sure, there will be many opportunities that surface in times like these, when valuations are depressed, which Keppel can consider because of our strong balance sheet. However, the key is to ensure that all potential acquisitions fit in well with the Group, and bring an acceptable level of risk adjusted returns.

Strong execution is integral to the Group's long-term success, and we have been active and hands-on in managing all our business units and ensuring that they have the required resources to excel. Our shareholders are reaping the benefits of our long-established global network, comprising mainly mothballed or brownfield shipyards that we have acquired at attractive prices and then turned into productive, high-yielding assets. Had we invested heavily in building brand new yards in the last couple of years, we would have been stricken by the current downturn.

That said, we remain committed to build and grow all our businesses in ways that will give us sustainable competitive advantages and ensure that Keppel can continue to provide the best value propositions to our customers. We will continue to invest sensibly in R&D to come up with viable technology that can be commercialised in the near term, as well as better processes to raise the skillsets and productivity of our yards. We will also explore potential partnerships with customers in niche markets that require solutions for floating accommodation, Floating LNG, and Plug and Abandonment, to name a few.



We believe that the medium to long-term outlook for property is good in the countries where we operate.

The prolonged cooling measures were intended by the governments of Singapore and China to prevent asset bubbles. While having kept a lid on home demand and prices, they have not undermined the inherent potential of these property markets nor the need to cater more homes for the widening middle-income group. That China has started to unwind some of its housing and monetary policies since 3Q 2014 is an encouraging sign.

Our goal is to develop Keppel Land into a multi-faceted property player, riding on urbanisation trends in Asia. Apart from residential development and trading, Keppel Land is also growing its presence in the commercial sector which

Interview with
the CEO

continues to do well. Capitalising on our strong-cash, low-debt position, we are well-poised to seize attractive deals that may not be available in more normal market conditions. For instance, we have been able to capture growth prospects in key global cities ahead of economic recovery through selective private equity-type investments in New York and London, leveraging the expertise of Alpha Investment Partners (Alpha).

Our long-term growth plans for the Property Division is underpinned by an active capital recycling strategy. In 2014 alone, Keppel Land extracted net proceeds of over \$1 billion from divestments, adding to our war chest for new investments. We will continue to monetise matured projects while generating stable income streams through our established property fund management business.



01

01

Keppel Land continues to strengthen its presence in Asia with iconic projects such as the International Financial Centre in Jakarta.



What is the longer term strategy for the Infrastructure Division, and how does it fit it with your vision for the Group?



Rapidly growing populations and rising incomes in emerging cities will give rise to vast opportunities for infrastructure, energy and property across the world. Our key businesses, be it O&M, Infrastructure or Property, are each uniquely positioned to meet the long-term needs of urbanisation in a sustainable way.

Since Keppel Infrastructure (KI) was formed over a year ago, we have steadily sharpened our focus on energy-related infrastructure and services, and made good progress on wrapping up the outstanding Engineering, Procurement and Construction (EPC) projects in Qatar and the UK. We have also been pre-qualified to tender for Singapore's sixth incineration plant.

To fully exploit our core strengths in project engineering and development, we will converge on building, owning and operating our own infrastructure assets, which we can potentially recycle for higher returns when they mature.

To this end, we announced that we would combine Keppel Infrastructure Trust (KIT) with CitySpring Infrastructure Trust, as well as the planned injection of 51% interest in Keppel Merlimau Cogen Pte Ltd, which owns the 1,300 MW co-generation plant, into the enlarged entity. With better scale and liquidity from a market capitalisation of above \$2 billion and total assets of over \$4 billion post-transactions, KIT would be well-positioned for future growth.

In the same vein, we listed Keppel DC REIT on the Singapore Exchange, raising a total of \$513 million through a landmark initial public offering. Keppel DC REIT's portfolio comprises eight high-quality data centres across Asia Pacific and Europe, constituting \$1 billion of assets under management.

Both KI and Keppel Telecommunications and Transportation will continue to fuel the growth of their respective fund management units by developing a stable pipeline of quality assets for injection, while earning recurring income such as operations and maintenance fees and facilities management fees. These initiatives are part of our concerted efforts to reshape and strengthen the Infrastructure Division into a sturdy third pillar for the Group.



Please elaborate on Keppel's capital recycling strategy and what you think would be the optimal capital structure for the Group.



Our goal is to maintain an institutional quality balance sheet with sufficient headroom to pursue interesting opportunities across our industries and pay sustainable dividends. As a Group, we do not see ourselves gearing up too much, or beyond 1x, to generate higher returns. This means that we have to do things differently, looking at our margins, asset turns, and making our assets work much harder.

We believe that Keppel Corporation can capture value by capitalising on its ability to create good infrastructure and real estate assets, which we can own, manage and stabilise before monetising. Matured assets are better suited to the real estate and business trusts, whose investors seek stable, recurring income and are prepared to accept lower returns on those assets.

As Keppel Corporation's shareholders are looking for higher returns, we will have to continue recycling capital rigourously to earn the best risk-adjusted returns from our assets. Over the past five years, we have been able to realise gains from revaluations, impairments and divestments (RID) averaging \$400 million per year. Gains from RID are a recurring aspect of the Group's earnings and should not be viewed as one-offs. In fact, they are part and parcel of our business, from which we pay dividends. For FY2014, we will be distributing 46% of our entire net profit, which includes RID, to shareholders.



Some brokers have applied an even wider conglomerate discount to Keppel Corporation's stock following the proposed offer to privatise Keppel Land. What are your views on this? What will the Group's earnings mix look like in the future?

01

Gore Hill Data Centre in Australia was among several assets injected into the newly-listed Keppel DC REIT as part of the Group's efforts to recycle capital and maximise shareholder value.



Keppel's current business mix is the result of a deliberate and considered strategy, which has been constantly refined with the guidance of our Board. We have, over the years, been disciplined both in investing for growth as well as pruning non-core operations and assets for better returns. This has instilled in Keppel the acumen, agility and financial strength to emerge stronger and more resilient with every crisis.

We will continue to invest in growing all our businesses. In the next two years, our O&M Division would continue to bolster the Group's earnings with its \$12.5 billion net orderbook, while the Property Division could stand to benefit from the gradual unwinding of cooling measures in China as well as improving markets in Vietnam and Indonesia. Finally, with the EPC contracts largely concluded, we would be able to grow our Infrastructure Division into a valuable contributor to the bottom line.

Our strong performance and earnings visibility in the current climate suggest that the conglomerate discount applied by some analysts is unreasonable. With a market capitalisation of about \$15.9 billion in February 2015, Keppel Corporation has been trading at single-digit multiples, although our performance and dividend distributions have been consistently strong. RID, which has contributed to the Group's performance year on year, should not be dismissed. Ultimately, we would like market appraisals to reflect the true long-term value that Keppel will create.



Board of Directors

Lee Boon Yang, 67
Chairman
Non-Executive and
Independent Director

Date of first appointment as a director:
 1 May 2009
 Date of last re-election as a director:
 20 April 2012
 Length of service as a director
 (as at 31 December 2014):
 5 years 8 months

Board Committee(s) served on:
 Remuneration Committee (Member);
 Nominating Committee (Member);
 Board Safety Committee (Member)

Academic & Professional Qualification(s):
 B.V.Sc Hon (2A),
 University of Queensland, 1971

Present Directorships
(as at 1 January 2015):
Listed companies
 Singapore Press Holdings Limited
 (Chairman)

Other principal directorships
 Keppel Care Foundation Limited (Chairman);
 Singapore Press Holdings Foundation
 Limited (Chairman);
 Jilin Food Zone Pte Ltd (Chairman);
 Jilin Food Zone Investment Holdings
 Pte Ltd (Chairman)

Major Appointments
(other than directorships):
 Nil

Past Directorships held over the
preceding 5 years (from 1 January 2010
to 31 December 2014):
 Nil

Others:
 Former Minister for Information,
 Communications and the Arts
 (May 2003 to March 2009);
 Former Member of Parliament
 (December 1984 to April 2011)



LEE BOON YANG



LOH CHIN HUA

Loh Chin Hua, 53
Executive Director and
Chief Executive Officer

Date of first appointment as a director:
 1 January 2014
 Date of last re-election as a director:
 17 April 2014
 Length of service as a director
 (as at 31 December 2014):
 1 year

Board Committee(s) served on:
 Board Safety Committee (Member)

Academic & Professional Qualification(s):
 Bachelor in Property Administration,
 Auckland University; Presidential Key
 Executive MBA, Pepperdine University;
 Chartered Financial Analyst

Present Directorships
(as at 1 January 2015):
Listed companies
 Keppel Land Limited (Chairman);
 Keppel Telecommunications &
 Transportation Ltd (Chairman);
 KrisEnergy Ltd

Other principal directorships
 Keppel Offshore & Marine Ltd (Chairman);
 Keppel Infrastructure Holdings Pte. Ltd.
 (Chairman); Alpha Investment Partners
 Limited (Chairman)

Major Appointments
(other than directorships):
 Nil

Past Directorships held over the
preceding 5 years (from 1 January 2010
to 31 December 2014):
 Keppel REIT Management Limited
 (Manager of Keppel REIT);
 Keppel Energy Pte Ltd;
 Keppel Land China Limited;
 Various fund companies under
 management of Alpha Investment
 Partners Limited

Others:
 Nil

Board of Directors

Tony Chew Leong-Chee, 68
Non-Executive and
Independent Director

Date of first appointment as a director:
 16 April 2002
 Date of last re-election as a director:
 17 April 2014
 Length of service as a director
 (as at 31 December 2014):
 12 years 9 months

Board Committee(s) served on:
 Nominating Committee (Chairman);
 Audit Committee (Member)

Academic & Professional Qualification(s):
 Trained as agronomist at Ko Plantations
 Berhad and Serdang Agricultural College,
 Malaysia

Present Directorships
(as at 1 January 2015):
Listed companies
 Intraco Limited (Alternate Director)

Other principal directorships
 Asia Resource Corporation Pte Ltd (Executive
 Chairman); Singapore Health Services Pte Ltd;
 Air Alliance Pte Ltd (Chairman); Alliance Asia
 Holdings Pte Ltd (Chairman); Alliance Asia
 Investment Private Limited (Chairman);
 Alliance One Myanmar Co., Ltd; ARC
 Investment Pte Ltd; KFC Vietnam (Chairman);
 Macondray Holdings Pte Ltd (Chairman);
 Macondray Corporation Pte Ltd (Chairman);
 Macondray & Co. Inc (Chairman); Macondray
 Company Limited (Chairman); Myanmar
 Distillery Company Limited (Co-Chairman);
 Myanmar Supply Chain and Marketing
 Services Company Limited (Co-Chairman);
 Pontirep Investments Limited (Chairman);
 Representations International Pte Ltd
 (Chairman); Representations International
 (H.K.) Ltd (Chairman); Resource Pacific
 Holdings Pte Ltd (Chairman)

Major Appointments
(other than directorships):
 Economic Research Institute for ASEAN
 and East Asia (Board Member); Chinese
 Development Assistance Council (Board of
 Trustee Member); Advisor to Singapore
 Institute of International Affairs; ACCORD
 Employers & Business Council (Co-Chairman)

Past Directorships held over the
preceding 5 years (from 1 January 2010
to 31 December 2014):
 Duke-NUS Graduate Medical School
 Singapore (Chairman); Singapore Business
 Federation (Chairman); SBF Holdings Pte Ltd
 (Chairman); SBF-PICO Events Pte Ltd; Tianjin
 Summer Palace Winery and Distillery Co Ltd;
 International Property Developments J.S.
 Corporation (Vietnam)

Others:
 Conferred Singapore National Day Meritorious
 Service Medal (2013); Public Service Star
 (2008); Public Service Medal (2001) and
 NUS Outstanding Service Award (2011)



TONY CHEW LEONG-CHEE



OON KUM LOON (MRS)

Oon Kum Loon (Mrs), 64
Non-Executive and
Independent Director

Date of first appointment as a director:
 15 May 2004
 Date of last re-election as a director:
 20 April 2012
 Length of service as a director
 (as at 31 December 2014):
 10 years 8 months

Board Committee(s) served on:
 Board Risk Committee (Chairman);
 Audit Committee (Member);
 Remuneration Committee (Member)

Academic & Professional Qualification(s):
 Bachelor of Business Administration
 (Honours), University of Singapore

Present Directorships
(as at 1 January 2015):
Listed companies
 Keppel Land Limited

Other principal directorships
 Singapore Power Limited;
 Jurong Port Pte Ltd

Major Appointments
(other than directorships):
 Nil

Past Directorships held over the
preceding 5 years (from 1 January 2010
to 31 December 2014):
 PSA International Pte Ltd;
 SP PowerGrid Ltd; China Resources
 Microelectronics Limited;
 Aviva Life Insurance Company Limited;
 Aviva Ltd; Navigator Investment Services
 Ltd; Keppel Land China Limited;
 Aircraft Capital Trust Management Pte Ltd;
 SP PowerAssets Limited; PowerGas Limited

Others:
 Former Chief Financial Officer of DBS Group

Tow Heng Tan, 59
Non-Executive and
Non-Independent Director

Date of first appointment as a director:
 15 September 2004
 Date of last re-election as a director:
 17 April 2014
 Length of service as a director
 (as at 31 December 2014):
 10 years 4 months

Board Committee(s) served on:
 Nominating Committee (Member);
 Remuneration Committee (Member);
 Board Risk Committee (Member)

Academic & Professional Qualification(s):
 Fellow of the Association of Chartered
 Certified Accountants;
 Fellow of the Chartered Institute of
 Management Accountants

Present Directorships
(as at 1 January 2015):
Listed companies
 ComfortDelGro Corporation Limited

Other principal directorships
 Pavilion Capital Holdings Pte Ltd;
 Pavilion Capital International Pte Ltd;
 Fullerton Financial Holdings Pte Ltd;
 Avondale Properties Limited;
 Union Charm Development Limited;
 Germiston Developments Limited;
 Crown Pacific Development Limited;
 Capitaland Township Holdings Pte Ltd;
 ST Asset Management Ltd

Major Appointments
(other than directorships):
 Pavilion Capital International Pte Ltd (CEO);
 Center for Asset Management Research
 & Investment, NUS (Member);
 National Council of Social Services
 (Member of Investment Committee);
 SAFRA Board of Governors (Member);
 Woodlands Integrated Healthcare Campus
 Board Development Committee (Member)

Past Directorships held over the
preceding 5 years (from 1 January 2010
to 31 December 2014):
 IE Singapore; Shangri-la Asia Limited

Others
 Former Chief Investment Officer of
 Temasek International (Private) Ltd;
 Former Senior Director of Business
 Development at DBS Vickers Securities
 (Singapore) Pte Ltd; Former Managing
 Director of Lum Chang Securities Pte Ltd



TOW HENG TAN



ALVIN YEO KHIRN HAI

Alvin Yeo Khirn Hai, 53
Non-Executive and
Independent Director

Date of first appointment as a director:
 1 June 2009
 Date of last re-election as a director:
 19 April 2013
 Length of service as a director
 (as at 31 December 2014):
 5 years 7 months

Board Committee(s) served on:
 Audit Committee (Member);
 Nominating Committee (Member)

Academic & Professional Qualification(s):
 LLB Honours, King's College London,
 University of London;
 Gray's Inn (Barrister-at-Law);
 Senior Counsel, Singapore Court of Singapore

Present Directorships
(as at 1 January 2015):
Listed companies
 United Industrial Corporation Limited;
 Neptune Orient Lines Limited

Other principal directorships
 Thomson Medical Pte Ltd

Major Appointments
(other than directorships):
 WongPartnership LLP (Chairman and Senior
 Partner); Monetary Authority of Singapore
 advisory panel to advise the Minister on
 appeals under various financial services
 legislation (Member); The Court of the
 Singapore International Arbitration Centre
 (Member); The ICC Commission on
 Arbitration (Member); The Court of the
 London Court of International Arbitration
 (Member); Fellow of the Singapore Institute
 of Arbitrators; Member of Parliament

Past Directorships held over the
preceding 5 years (from 1 January 2010
to 31 December 2014):
 Asian Civilisations Museum;
 Clifford Chance Wong Pte Ltd;
 Singapore Land Limited;
 Tuas Power Ltd

Others:
 Past member of the Senate of the
 Academy of Law; Past member of
 the Council of the Law Society;
 Past member of the board of the
 Civil Service College

Board of Directors

Tan Ek Kia, 66

Non-Executive and Independent Director

Date of first appointment as a director:

1 October 2010

Date of last re-election as a director:

19 April 2013

Length of service as a director

(as at 31 December 2014):

4 years 3 months

Board Committee(s) served on:

Board Safety Committee (Chairman);

Nominating Committee (Member);

Board Risk Committee (Member)

Academic & Professional Qualification(s):

BSc Mechanical Engineering

(First Class Hons), Nottingham University,

United Kingdom; Management

Development Programme, International

Institute for Management Development,

Lausanne, Switzerland; Fellow of the

Institute of Engineers, Malaysia; Chartered

Engineer of Engineering Council, United

Kingdom; Member of Institute of Mechanical

Engineer, United Kingdom

Present Directorships

(as at 1 January 2015):

Listed companies

SMRT Corporation Ltd;

KrisEnergy Ltd;

PT Chandra Asri Petrochemical Tbk;

Transocean Ltd

Other principal directorships

Keppel Offshore & Marine Ltd;

Star Energy Group Holdings Pte Ltd

(Chairman)

Major Appointments

(other than directorships):

Nil

Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):

CitySpring Infrastructure Management

Pte Ltd (as Trustee-Manager of CitySpring

Infrastructure Trust)

Others:

Former Vice President (Ventures and

Developments) of Shell Chemicals,

Asia Pacific and Middle East region

(based in Singapore); Former Chairman,

Shell companies in North East Asia;

Former Managing Director, Shell Malaysia

Exploration and Production



TAN EK KIA



DANNY TEOH

Danny Teoh, 59

Non-Executive and Independent Director

Date of first appointment as a director:

1 October 2010

Date of last re-election as a director:

17 April 2014

Length of service as a director

(as at 31 December 2014):

4 years 3 months

Board Committee(s) served on:

Audit Committee (Chairman);

Remuneration Committee (Chairman);

Board Risk Committee (Member)

Academic & Professional Qualification(s):

Member of the Institute of Chartered

Accountants in England & Wales

Present Directorships

(as at 1 January 2015):

Listed companies

DBS Bank Ltd;

DBS Group Holdings Ltd;

Capital Mall Trust Management Limited

(Manager of CapitaMall Trust)

Other principal directorships

Changi Airport Group (Singapore) Pte Ltd;

JTC Corporation;

DBS Bank (China) Limited;

DBS Foundation Ltd

Major Appointments

(other than directorships):

Nil

Past Directorships held over the preceding 5 years (from 1 January 2010 to 31 December 2014):

KPMG Advisory Services Pte Ltd;

KPMG Corporate Finance Pte Ltd;

KPMG Services Pte Ltd;

SIFE Singapore;

Viva Foundation For Children With Cancer;

Singapore Dance Theatre Limited;

Singapore Olympic Foundation

Others:

Former Managing Partner, KPMG LLP,

Singapore; Past member of KPMG's

International Board and Council;

Former Head of Audit and Risk Advisory

Services and Head of Financial Services

Tan Puay Chiang, 67
Non-Executive and
Independent Director

Date of first appointment as a director:
 20 June 2012
 Date of last re-election as a director:
 19 April 2013
 Length of service as a director
 (as at 31 December 2014):
 2 years 7 months

Board Committee(s) served on:
 Board Safety Committee (Member);
 Board Risk Committee (Member)

Academic & Professional Qualification(s):
 MBA (Distinction), New York University;
 Bachelor of Science (First Class Honours),
 University of Singapore

Present Directorships
(as at 1 January 2015):
Listed companies
 Neptune Orient Lines Limited

Other principal directorships
 Singapore Power Limited;
 SP Services Limited

Major Appointments
(other than directorships):
 Energy Studies Institute,
 National University of Singapore

Past Directorships held over the
preceding 5 years (from 1 January 2010
to 31 December 2014):
 Nil

Others:
 Former Chairman, ExxonMobil (China)
 Investment Co. (2001 to 2007)



TAN PUAY CHIANG



TILL VESTRING

Till Vestring, 51
Non-Executive and
Independent Director

Date of first appointment as a director:
 16 February 2015
 Date of last re-election as a director:
 n.a.
 Length of service as a director
 (as at 31 December 2014):
 n.a.

Board committee(s) served on:
 Nil

Academic & Professional Qualification(s):
 Master of Economics, University of Bonn,
 Germany; Master of Business Administration,
 Haas School of Business,
 University of California, Berkeley

Present directorships
(as at 16 February 2015):
Listed companies
 Inchcape plc

Other principal directorships
 Singapore Chinese Orchestra Company
 Limited; Leap Philanthropy Ltd;
 Brocon Investment Co. Ltd

Major Appointments
(other than directorships):
 Partner, Bain & Company Southeast Asia

Past directorships held over the
preceding 5 years (from 1 January 2010
to 31 December 2014):
 Nil

Others:
 Nil

Keppel Group

Boards of Directors

KEPPEL OFFSHORE & MARINE

Loh Chin Hua

CHAIRMAN

Chief Executive Officer,
Keppel Corporation

Chow Yew Yuen

Chief Executive Officer

Stephen Pan Yue Kuo

Chairman,
World-Wide Shipping Agency Limited

Prof Minoo Homi Patel

Professor of Mechanical Engineering
and Director of Development,
School of Aerospace,
Transport and Manufacturing,
Cranfield University, UK

Dr Malcolm Sharples

President,
Offshore Risk & Technology
Consulting Inc, USA

Po'ad Bin Shaik Abu Bakar Mattar

Independent Director of Hong Leong
Finance Limited

Tan Ek Kia

Director

Lim Chin Leong

Former Chairman of Asia,
Schlumberger

Robert D. Somerville

Director,
GasLog Ltd

Sit Peng Sang

Director

Chan Hon Chew

Chief Financial Officer,
Keppel Corporation

KEPPEL INFRASTRUCTURE HOLDINGS

Loh Chin Hua

CHAIRMAN

Chief Executive Officer,
Keppel Corporation

Dr Ong Tiong Guan

Chief Executive Officer

Chan Hon Chew

Chief Financial Officer,
Keppel Corporation

Chow Yew Yuen

Chief Executive Officer,
Keppel Offshore & Marine

Ong Ye Kung

Director,
Group Strategy & Development,
Keppel Corporation

Koh Ban Heng

Director

Khoo Chin Hean

Director

KEPPEL INFRASTRUCTURE FUND MANAGEMENT (TRUSTEE-MANAGER OF KEPPEL INFRASTRUCTURE TRUST)

Khor Poh Hwa

CHAIRMAN

Advisor (Township and
Infrastructure Development),
Keppel Corporation

Alan Ow Soon Sian

Independent Director

Paul Ma Kah Woh

Independent Director

Quek Soo Hoon

Operating Partner,
iGlobe Partners (II) Pte Ltd

Thio Shen Yi

Joint Managing Director,
TSMP Law Corporation

Dr Ong Tiong Guan

Chief Executive Officer,
Keppel Infrastructure Holdings Pte Ltd

Tan Boon Leng

Executive Director (X-to-Energy),
Keppel Infrastructure Holdings Pte Ltd

KEPPEL TELECOMMUNICATIONS & TRANSPORTATION

Loh Chin Hua

CHAIRMAN

Chief Executive Officer,
Keppel Corporation

Thomas Pang Thieng Hwi

Executive Director and
Chief Executive Officer

Prof Bernard Tan Tiong Gie

Professor of Physics,
National University of Singapore

Wee Sin Tho

Senior Advisor,
Office of the President,
National University of Singapore

Tan Boon Huat

Independent Director

Prof Neo Boon Siong

Professor (Division of Strategy,
Management and Organisation),
Nanyang Business School,
Nanyang Technological University

Karmjit Singh

Independent Director

Lim Chin Leong

Former Chairman of Asia,
Schlumberger

Chan Hon Chew

Chief Financial Officer,
Keppel Corporation

Khor Poh Hwa

Advisor (Township and
Infrastructure Development),
Keppel Corporation

KEPPEL LAND

Loh Chin Hua
CHAIRMAN
 Chief Executive Officer,
 Keppel Corporation

Ang Wee Gee
 Executive Director and
 Chief Executive Officer

Lee Ai Ming (Mrs)
 Senior Partner,
 Rodyk & Davidson LLP

Tan Yam Pin
 Former Managing Director,
 Fraser and Neave Group

Heng Chiang Meng
 Former Managing Director,
 First Capital Corporation;
 Executive Director,
 Far East Organisation Group

Edward Lee
 Singapore's former Ambassador
 to Indonesia

Koh-Lim Wen Gin
 Former URA Chief Planner and
 Deputy Chief Executive Officer

Yap Chee Meng
 Former Senior Partner,
 KPMG and COO of KPMG
 International for Asia Pacific

Prof Huang Jing
 Professor and Director,
 Center on Asia and Globalisation,
 LKY School of Public Policy,
 National University of Singapore

Oon Kum Loon (Mrs)
 Non-Executive,
 Non-Independent Director

Chan Hon Chew
 Chief Financial Officer,
 Keppel Corporation

**KEPPEL REIT
MANAGEMENT
(MANAGER
OF KEPPEL REIT)**

Dr Chin Wei-Li, Audrey Marie
CHAIRMAN
 Executive Chairman,
 Vietnam Investing Associates –
 Financials Singapore Private Limited

Ng Hsueh Ling
 Chief Executive Officer

Tan Chin Hwee
 Partner, Apollo Global Management

Lee Chiang Huat
 Independent Director

Daniel Chan Choong Seng
 Managing Director,
 DCG Capital Pte Ltd

Lor Bak Liang
 Director,
 Werone Connect Pte Ltd

Ang Wee Gee
 Executive Director and
 Chief Executive Officer,
 Keppel Land

Prof Tan Cheng Han
 Professor of Law,
 National University of Singapore

Lim Kei Hin
 Chief Financial Officer,
 Keppel Land

**KEPPEL DC REIT
MANAGEMENT
(MANAGER OF
KEPPEL DC REIT)**

Chan Hon Chew
CHAIRMAN
 Chief Financial Officer,
 Keppel Corporation

Lee Chiang Huat
 Independent Director

Leong Weng Chee
 Independent Director

Lim Chin Hu
 Managing Partner,
 Stream Global Pte Ltd

Dileep Nair
 Singapore High Commissioner
 to Ghana

Teo Cheng Hiang Richard
 Independent Director

Dr Tan Tin Wee
 Chairman,
 A*STAR Computational
 Resource Centre

Thomas Pang Thieng Hwi
 Chief Executive Officer,
 Keppel Telecommunications &
 Transportation

K1 VENTURES

Steven Jay Green
**CHAIRMAN/
CHIEF EXECUTIVE OFFICER**
 Former US Ambassador to
 Singapore

Dr Lee Suan Yew
 Medical Practitioner and
 Past President of the
 Singapore Medical Council

Alexandar Vahabzadeh
 Founder and Managing Director of
 the Beaumont Group of companies

Prof Neo Boon Siong
 Professor (Division of Strategy,
 Management and Organisation),
 Nanyang Business School,
 Nanyang Technological University

Prof Annie Koh
 Vice President,
 Business Development
 and External Relations,
 Singapore Management University

Tan Poh Lee Paul
 Group Controller,
 Keppel Corporation

Keppel Technology Advisory Panel

The Keppel Technology Advisory Panel (KTAP) was established in 2004 as a key platform to advance the Group's technology leadership. Its members include eminent business leaders and industry experts from across the world.

Over the years, KTAP members have contributed to a broad range of ideas and developments in Keppel. The areas include drilling and production technology, offshore wind, coal gasification, waste-to-energy, as well as potentially disruptive technologies. More recently, KTAP has been exploring emission control areas, the collection of deepsea polymetallic nodules, as well as future platforms to deepen innovation and research and development in the Group.

KTAP convenes up to twice a year with key members of Keppel Corporation's board and senior management. Distinguished guest speakers are often invited to these meetings to share the latest developments in their respective fields. Apart from meetings, frequent discussions are co-ordinated by the Secretariat via email on topical issues such as nuclear energy and subsea-related developments.

Sven Bang Ullring **CHAIRMAN**

Master of Science, Swiss Federal Institute of Technology (ETH), Zurich.

Mr Ullring was Chairman of the Executive Board of Det Norske Veritas, Oslo from 1985-2000 and President and CEO of NORCONSULT, Oslo from 1981-1985. He worked for SKANSKA, Malmö, Sweden from 1962-1981 and was Director of the International Department from 1972. He was an Independent Director on Keppel Corporation's Board from 2000 to April 2012.

He is the Chairman of the Board of The Fridtjof Nansen Institute, Oslo, Norway. He was the Chairman of the Maritime and Port Authority of Singapore's First, Second and Third Maritime and Research and Development Advisory Panel. He is a Fellow and Honorary Fellow of the Norwegian Academy of Technological Sciences, and a Fellow of the Royal Swedish Academy of Engineering Sciences.

Dr Brian Clark
Schlumberger Fellow;
B.S. Ohio State University;
PhD, Harvard University (1977).

Dr Clark holds 96 patents related to the exploration and development of oil and gas, primarily in wire line logging and logging while drilling. He was recognised as the Outstanding Inventor of the Year for 2002, by the Houston Intellectual Property Law Association and as the Texas Inventor of the Year for 2002, by the Texas State Bar Association. Dr Clark is also a member of the National Academy of Engineering and The Academy of Medicine, Engineering and Science of Texas.

Professor Minoo Homi Patel
Fellow of the Royal Academy of Engineering, the Institution of Mechanical Engineers and the Royal Institution of Naval Architects; Chartered Engineer; BSc (Eng) and PhD, University of London and an Honorary Member of the Royal Corps of Naval Constructors.

Professor Patel is a Director of Development for the School of Engineering at Cranfield University and a Founder Director of the science park company BPP Technical Services Ltd. He also sits on the Boards of Keppel Offshore & Marine Ltd and BMT Group Ltd.

Dr Malcolm Sharples
President, Offshore Risk & Technology Consulting Engineering Inc; BEng. (Engineering Science), University of Western Ontario; PhD University of Cambridge; Athlone Fellow; Fellow of the Society of Naval Architects and Marine Engineers; Registered Professional Engineer.

Dr Sharples is a Director of the Offshore Energy Centre, a non-profit educational institution and museum. Previously he was Vice President of the American Bureau of Shipping, and President of Noble Denton, an insurance warranty survey firm.

He consults worldwide on offshore structures/vessels for regulatory compliance, safety audits, process safety, and has been involved in accident investigations on offshore matters as an expert witness for legal proceedings. He is an active member of the Canadian Standards Association on arctic structures, offshore structures and offshore wind farms. He is a Director of Keppel Offshore & Marine Ltd.

Professor Thomas (Tom) Curtis
BSc (Hons) Microbiology, University of Leeds; M.Eng and PhD Civil Engineering, University of Leeds.

Professor Curtis is a Professor of Environmental Engineering at the University of Newcastle upon Tyne, and a recipient of the Engineering and Physical Sciences Dream Fellowship,

the Royal Academy of Engineering Global Research Fellowship, and the Biotechnology and Biological Sciences Research Council Research Development Fellowship. He currently leads the Engineering Frontiers for the Engineering and Physical Sciences Research Council's (EPSRC) Engineering Biology Project. Before entering academia, he worked in construction and public health policy and has worked in the US, Brazil, Bangladesh and Jordan.

Professor Jim Swithenbank
BSc, PhD, DSc, DEng, FEng, FInstE, FICHEME, Energy and Environmental Engineering Group.

Professor Swithenbank is a Fellow of the Royal Academy of Engineering, Chairman of The Sheffield University Waste Incineration Research Centre, and a member of numerous international combustion and energy committees. He was the President of the Institute of Energy (1986-1987) and served on many UK government/DTI/ EPSRC Committees. He is a prolific researcher with over 400 refereed papers to his credit and the holder of more than 30 patents.

Professor Ng Wun Jern
BSc (Civil Engineering) QMC London University, MSc (Water Resources) and PhD University of Birmingham, PE(S), FIES, FSEng.

Professor Ng is the Executive Director at the Nanyang Environment & Water Research Institute, Professor of Environmental Engineering in the School of Civil & Environmental Engineering, and Dean of College of Engineering at Nanyang Technological University. He has some 400 publications on water and wastewater management, and serves as technical advisor to various environmental companies across ASEAN, China, and India.

Professor Stefan Thomke
BS (Electrical Engineering), University of Oklahoma; MS (Electrical & Computer Engineering), Arizona State University; SM (Operations Research), SM (Mgmt.), PhD (Electrical Engineering & Mgmt.), Massachusetts Institute of Technology; AM (Honorary), Harvard University.

Professor Thomke has published widely and is an authority on innovation management. He is the William Barclay Harding Professor of Business Administration at Harvard Business School and chairs several of the university's leading executive education programmes. Prior to joining Harvard University, he was with McKinsey & Company in Germany.

Professor Kazuo Nishimoto

B.S.E. Naval Architect and Marine Engineer, University of São Paulo; M.S. Eng, Yokohama National University, Japan, and PhD Naval Architecture & Ocean Engineering, University of Tokyo, Japan.

Professor Nishimoto is currently a Professor of the University of São Paulo, Department of Naval Architecture & Ocean Engineering of Polytechnic School, and Director of the Numerical Offshore Tank Centre. He has been working as a coordinator of the development of the New Research Center in Santos City conceived by Petrobras. Recently, he was nominated as Distinguished Professor of Yokohama National University. He has also coordinated several development projects in the field of naval and ocean engineering, mainly related to offshore systems and military vessels, and is working on advanced methods to analyse moored floating systems.

Professor Saif Benjaafar

M.S. and PhD (Industrial Engineering), Purdue University and BS (Electrical Engineering), University of Texas at Austin.

Professor Benjaafar is internationally acclaimed for his research on the design and management of complex global supply chains. He holds the title of Distinguished McKnight University Professor at the University of Minnesota and is a Founding Director of its Industrial and Systems Engineering Department, Director of the Centre for Supply Chain Research, and Faculty Scholar with the Centre for Transportation Studies.

He was also a founding faculty member of the Singapore University of Technology and Design (SUTD) where he served as Head of Pillar and Professor for Engineering Systems and Design, and led the Sustainable Built Environment Thrust for the MIT-SUTD International Design Centre. He was a Distinguished Senior Visiting Scientist at Honeywell Laboratories and a Visiting Professor to several universities in Europe and Asia.

Professor Chan Eng Soon

B.Eng (First class honours) & M.Eng, National University of Singapore (NUS), and PhD, MIT.

Professor Chan is a Fellow of the Singapore Academy of Engineering and Member IES. He is Vice Provost of NUS, and Keppel Chair Professor. He was Dean of Engineering Faculty, NUS. Prior to his deanship, Professor Chan headed the then Civil Engineering Department and served as Executive Director of the Centre for Offshore Research and Engineering, NUS and Director of Tropical Marine Science Institute.

He serves on management boards of various institutions and research centres, and contributes as a member of the Singapore Workplace Safety and Health Council, and Board of Governors of Republic Polytechnic, Singapore. His research interests include marine hydrodynamics, wave-structure interactions, sediment transport and coastal processes.



(From left) First row: Dr Brian Clark, Loh Chin Hua (CEO of Keppel Corporation), Sven Bang Ullring, Dr Lee Boon Yang (Chairman of Keppel Corporation), Professor Minoo Homi Patel. Second row: Professor Tom Curtis, Chow Yew Yuen (CEO of Keppel Offshore & Marine), Dr Malcolm Sharples, Professor Jim Swithenbank. Last row: Professor Chan Eng Soon, Professor Stefan Thomke, Professor Ng Wun Jern, Professor Saif Benjaafar. Not in photo – Professor Kazuo Nishimoto.

Senior Management

KEPPEL CORPORATION

Loh Chin Hua
CHIEF EXECUTIVE OFFICER

Chan Hon Chew
CHIEF FINANCIAL OFFICER

CORPORATE SERVICES

Robert Chong
DIRECTOR
GROUP HUMAN RESOURCES

Wang Look Fung
DIRECTOR
GROUP CORPORATE AFFAIRS

Paul Tan
GROUP CONTROLLER

Ong Ye Kung
DIRECTOR
GROUP STRATEGY & DEVELOPMENT

Tay Lim Heng
DIRECTOR
GROUP RISK MANAGEMENT

Lynn Koh
GENERAL MANAGER
GROUP TREASURY

Magdeline Wong
GENERAL MANAGER
GROUP TAX

Caroline Chang
GENERAL MANAGER
GROUP LEGAL

Tan Eng Hwa
GENERAL MANAGER
GROUP INTERNAL AUDIT

Jacob Tong
GENERAL MANAGER
GROUP INFORMATION SYSTEMS

Jaggi Ramesh Kumar
GENERAL MANAGER
GROUP HEALTH,
SAFETY & ENVIRONMENT

Goh Toh Sim
CHIEF REPRESENTATIVE (CHINA)

OFFSHORE & MARINE

Chow Yew Yuen
CHIEF EXECUTIVE OFFICER
Keppel Offshore & Marine

Wong Ngiam Jih
CHIEF FINANCIAL OFFICER
Keppel Offshore & Marine

Wong Kok Seng
MANAGING DIRECTOR
(OFFSHORE / KEPPEL FELLS)
Keppel Offshore & Marine

Michael Chia Hock Chye
MANAGING DIRECTOR
(MARINE & TECHNOLOGY)
Keppel Offshore & Marine / KOMtech

Chor How Jat
MANAGING DIRECTOR
Keppel Shipyard

Abu Bakar Bin Mohd Nor
MANAGING DIRECTOR
Keppel Singmarine

Hoe Eng Hock
MANAGING DIRECTOR
(SPECIAL PROJECTS, MARINE)

Lai Ching Chuan
DIRECTOR
(CORPORATE DEVELOPMENT)
Keppel Offshore & Marine

Dr Foo Kok Seng
EXECUTIVE DIRECTOR
KOMtech / Offshore Technology
Development

Aziz Amirali Merchant
EXECUTIVE DIRECTOR
KOMtech / Deepwater Technology
Group / Engineering, Keppel FELLS

Wong Fook Seng
EXECUTIVE DIRECTOR (PROCESS
EXCELLENCE & PLANNING)
Keppel FELLS

Chris Ong Leng Yeow
EXECUTIVE DIRECTOR
(COMMERCIAL)
Keppel FELLS

Mohamed Sahlan Bin Salleh
EXECUTIVE DIRECTOR
(OPERATIONS)
Keppel FELLS

Louis Chow Wai Laye
EXECUTIVE DIRECTOR
(COMMERCIAL)
Keppel Shipyard

Toh Ko Lin
EXECUTIVE DIRECTOR
(COMMERCIAL)
Keppel Singmarine

Edmund Lek Hwee Chong
EXECUTIVE DIRECTOR
(OPERATIONS)
Keppel Singmarine

INFRASTRUCTURE

Dr Ong Tiong Guan
CHIEF EXECUTIVE OFFICER
Keppel Infrastructure

Patrick Kong Yoon Seen
CHIEF FINANCIAL OFFICER
Keppel Infrastructure

Nicholas Lai Garchun
EXECUTIVE DIRECTOR
(GAS-TO-POWER)
Keppel Infrastructure

Tan Boon Leng
EXECUTIVE DIRECTOR
(X-TO-ENERGY)
Keppel Infrastructure

Alan Tay Teck Loon
EXECUTIVE DIRECTOR
(BUSINESS DEVELOPMENT)
Keppel Infrastructure

Cindy Lim Joo Ling
EXECUTIVE DIRECTOR
(INFRASTRUCTURE SERVICES)
Keppel Infrastructure

Khor Un-Hun
CHIEF EXECUTIVE OFFICER
Keppel Infrastructure Fund Management

Thomas Pang Thieng Hwi
CHIEF EXECUTIVE OFFICER
Keppel Telecommunications &
Transportation

Chan Shui Har
DEPUTY CHIEF EXECUTIVE OFFICER
CHIEF FINANCIAL OFFICER
Keppel Telecommunications &
Transportation

Vincent Ko Woon Chun
CHIEF EXECUTIVE OFFICER
Keppel Logistics (China Business Unit)

Chua Hsien Yang
CHIEF EXECUTIVE OFFICER
Keppel Data Centre REIT Management

PROPERTY

Ang Wee Gee
CHIEF EXECUTIVE OFFICER
Keppel Land

Choo Chin Teck[^]
JOINT COMPANY SECRETARY
Keppel Land
DIRECTOR
(CORPORATE SERVICES)
Keppel Land International

Lim Kei Hin
CHIEF FINANCIAL OFFICER
Keppel Land International

Tan Swee Yiew
PRESIDENT
(SINGAPORE)
Keppel Land International

Ho Cheok Kong
PRESIDENT
Keppel Land China

Linson Lim Soon Kooi
PRESIDENT
(VIETNAM & THE PHILIPPINES)
Keppel Land International

Sam Moon Thong
PRESIDENT
(INDONESIA)
Keppel Land International

Ng Ooi Hooi
PRESIDENT
(REGIONAL INVESTMENTS)
Keppel Land International

Ng Hsueh Ling
CHIEF EXECUTIVE OFFICER
Keppel REIT Management

Christina Tan Hua Mui
MANAGING DIRECTOR
Alpha Investment Partners

UNIONS

Keppel FELS Employees' Union
Vincent Ho Mun Choong
PRESIDENT

Atyyah Hassan
GENERAL SECRETARY

David Lim Kin Wai
EXECUTIVE SECRETARY

Keppel Employees Union
Razali Bin Maulod
PRESIDENT

Mohd Yazam Bin Mahmood
GENERAL SECRETARY

Shipbuilding & Marine
Engineering Employees' Union
Tommy Goh Hock Wah
PRESIDENT

Eileen Yeo Chor Gek
GENERAL SECRETARY

Mah Cheong Fatt
EXECUTIVE SECRETARY

Singapore Industrial &
Services Employees' Union
Lim Heng Khee
PRESIDENT

Lim Kuang Beng
GENERAL SECRETARY

Sylvia Choo Sor Chew
EXECUTIVE SECRETARY

Union of Power &
Gas Employees
Tay Seng Chye
PRESIDENT

Nachiappan RKS
GENERAL SECRETARY

S. Thiagarajan
EXECUTIVE SECRETARY

[^] Note: Choo Chin Teck stepped down as Joint Company Secretary on 31 Dec 2014 and retired on 31 Mar 2015.

Investor Relations

01



Total Cash Dividend Payout

46%

of Group net profit for FY 2014.

10-year Total Shareholder Return (TSR) Growth

13.7%

(Compounded)
This is above STI's compounded annual TSR growth rate of 7.6%.

01

We host regular site visits as part of our outreach to the investment community.

We believe it is important to provide a timely, transparent, accurate and balanced account of the Keppel Group's performance to our shareholders as part of good corporate governance. Through a structured Investor Relations (IR) programme, we seek to help investors better understand our businesses, operating climate and strategic directions, as well as encourage feedback.

Our consistent efforts in equipping investors to make well-informed investment decisions will help to achieve fair valuation of our Company, which sustains value for shareholders.

As at 13 February 2015, institutions formed 63.2% of our shareholder base, while retail shareholders accounted for the remaining 36.8%. Our shareholders are geographically diversified across countries in Asia, North America, Europe and other regions.

ENGAGING INVESTORS

To better engage the international investment community as well as ensure a level playing field, our management and IR personnel held

360 meetings and conference calls with institutional investors in 2014.

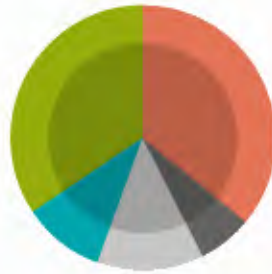
We continued to travel widely for non-deal roadshows to meet investors across countries such as Canada, Germany, Hong Kong, Japan, Malaysia, Norway, the Netherlands, Switzerland, the UK and the US. We also hosted several facility visits to our shipyards, plants and data centres in Singapore as well as tours of our Brazilian yard in Angra dos Reis.

Apart from the regular results webcasts and conferences, we held analyst briefings for major corporate announcements such as Keppel Offshore & Marine's (Keppel O&M) Management Services Agreement (MSA) with the Titan Petrochemicals Group (Titan). These briefings provide platforms to effectively communicate the Company's developments as well as address potential concerns from the market.

We continued to engage our retail shareholders outside of the Company's general meetings and renewed our long-term sponsorship of the Securities

SHAREHOLDING BY INVESTORS

	%
Institutions	63.2
Retail	36.8
Total	100.0

SHAREHOLDING BY GEOGRAPHY

	%
Singapore	36.1
Asia (ex Singapore)	6.4
North America	13.2
Europe	9.9
Others*	34.4
Total	100.0

* Others comprise shareholders beyond the Top 50, who collectively owned approximately 20% of the Company's issued share capital as at 13 February 2015.

Investors Association Singapore's (SIAS) Investor Education Programme, which benefits some 2,400 of Keppel Corporation's retail shareholders.

Our website www.keppcorp.com is a key channel through which we communicate and broadcast company news to the investment community.

With the proliferation of mobile devices, we launched our iOS and Android compatible mobile website in February 2014 to enhance investors' access to company information. We also included a mobile-friendly version of our live quarterly results webcast with a function that allows viewers to post questions to our management in real time. We will continue to enhance the features of our website and other platforms to facilitate investor's access to important company information.

Our ongoing efforts to improve communications with investors have been recognised by the investment community. In 2014, Keppel Corporation topped the Governance & Transparency Index

as the Best Governed and Most Transparent Listed Company in Singapore. We were also conferred the Singapore Corporate Governance Award for big-cap companies by the SIAS during the year.

SUSTAINING VALUE

Despite the competitive landscape and the oil price volatility in 2014, Keppel Corporation continued to maintain a solid dividend payout, backed by strong financial performance and a robust balance sheet.

To reward shareholders fairly, our Board has proposed a total cash dividend of 48 cents per share for 2014. This includes a proposed final cash dividend of 36 cents per share and an interim cash dividend of 12 cents per share paid in 3Q 2014. The total cash payout proposed represents 46% of our net profit for 2014.

SIGNIFICANT EVENTS**January**

- Mr Loh Chin Hua was appointed CEO of Keppel Corporation and an Executive Director to the Board on 1 January 2014.

February

- Mr Chan Hon Chew was appointed CFO of Keppel Corporation on 1 February 2014.

March

- Keppel Corporation extended its sole sponsorship of the Lee Kuan Yew World City Prize with a further commitment of \$1.75 million, bringing its total commitment to date to \$3.5 million. The latest contribution supports another five cycles of the biennial award from 2020 to 2028.

- The Sino-Singapore Tianjin Eco-City was selected as a National Green Building Base by the China Green Building Council at the seventh Plenary Committee Meeting of the China Green Building Council.

May

- Keppel Corporation hosted the 77th ASEAN Council on Petroleum National Committee & Associated Meetings, a platform for strengthening synergy and fostering cooperation in Southeast Asia's petroleum sector.

July

- Ocean Mineral Singapore received approval from the International Seabed Authority for its first seabed exploration licence.

October

- The Sino-Singapore Tianjin Eco-City's National Green Development Demonstration Plan was approved by China's State Council.

INVESTOR RELATIONS CALENDAR

The following events and initiatives were organised in 2014 as part of ongoing efforts to enhance our outreach to investors and analysts:

**1Q 2014**

- FY 2013 results conference and live webcast.
- Launched a mobile-friendly corporate website with webcast and question-and-answer capabilities.
- Non-deal roadshows to Kuala Lumpur with DMG-OSK, and to London, Frankfurt and Zurich with UBS.
- Group visits to Keppel FELS with DMG-OSK and Citigroup.
- Group tour of Keppel Merlimau Cogen plant with Credit Suisse.
- Investor visits to logistics facilities and a WTE plant in Singapore.

**2Q 2014**

- 1Q 2014 live results webcast.
- Convened Annual General Meeting.
- Held analysts' briefing for Keppel O&M's MSA with Titan.
- Non-deal roadshows to Houston with Citigroup, and to Hong Kong and Japan with Daiwa.
- Group visits to Keppel FELS for clients of Deutsche Bank, Nomura and DBS.
- Hosted a Citigroup analyst's visit to Keppel Nantong Shipyard in China.
- Site visits to data centres and infrastructure plants in Singapore.

**3Q 2014**

- 2Q & 1H 2014 results conference and live webcast.
- Participated in Pareto Securities' 21st annual Oil & Offshore Conference in Norway.
- Non-deal roadshows to New York, Boston and Toronto with Citigroup, and to Amsterdam with Credit Suisse.
- Shipyard visits for clients and analysts of AmInvestment and DNB Bank.
- Group visits to Keppel's Brazilian shipyard with Credit Suisse and UBS.
- Group visit to the Sino-Singapore Tianjin Eco-City in China.

**4Q 2014**

- 3Q & 9M 2014 live results webcast.
- Non-deal roadshows to Los Angeles and San Francisco with JP Morgan.
- Group visits to Keppel FELS with Morgan Stanley and Fearnley Fonds.

Awards & Accolades

CORPORATE GOVERNANCE & TRANSPARENCY

SINGAPORE CORPORATE AWARDS

- **KEPPEL CORPORATION**
 - Silver, Best Managed Board (Market capitalisation of \$1 billion and above)

SECURITIES' INVESTORS ASSOCIATION OF SINGAPORE (SIAS) INVESTORS' CHOICE AWARDS

- **KEPPEL CORPORATION**
 - Winner, Singapore Corporate Governance Award (Big Cap)
- **KEPPEL TELECOMMUNICATIONS & TRANSPORTATION (KEPPEL T&T)**
 - Winner, Singapore Corporate Governance Award (Mid Cap)

- **KEPPEL LAND**
 - Runner-up, Most Transparent Company (Property)

ALPHA SOUTHEAST ASIA INSTITUTIONAL INVESTOR CORPORATE AWARDS

- Keppel Corporation was among Singapore's top three companies singled out for the strongest adherence to corporate governance.

GOVERNANCE AND TRANSPARENCY INDEX (GTI)

- Keppel Corporation topped the GTI as the best governed and most transparent listed company in Singapore, while Keppel Land and Keppel T&T respectively emerged in 6th and 21st positions.

FINANCEASIA'S ANNUAL POLL

- **KEPPEL CORPORATION**
 - Winner, Best Managed Board and Best Investor Relations in Singapore
 - Runner-up, Best Corporate Governance
 - Runner-up, Best Corporate Social Responsibility
 - Runner-up, Most Committed to a Strong Dividend Policy

BUSINESS EXCELLENCE

- Keppel FELS achieved the Guinness World Record "Largest manufacturer of offshore Rigs – current" for delivering 21 offshore rigs in 2013.
- Keppel FELS' DSS™ 38E rig design was bestowed the Industrial Structure Award at the Singapore Structural Awards.

- Keppel Shipyard received the Shipbuilding & Repair Yard Award at the Seatrade Asia Awards.

- Keppel Logistics was named Singapore Domestic Logistics Service Provider of the Year at the Frost & Sullivan Singapore Excellence Awards.

- Keppel Land received eight accolades at the Euromoney Real Estate Awards:

▪ SINGAPORE

- Best Developer
- Best Residential Developer
- Best Office and Business Developer
- Best Leisure/Hotel Developer

▪ VIETNAM

- Best Developer
- Best Residential Developer
- Best Office and Business Developer
- Best Mixed-use Developer

- Keppel Land received the Channel NewsAsia Innovation Luminary Award 2014.

- Keppel Land was among the Top 10 developers in Singapore and Vietnam recognised at the BCI Asia Awards.

- Keppel Land was conferred the Asia Excellence Brand Award by Yazhou Zhoukan.

- Keppel Land garnered the Most Admired ASEAN Enterprise (Corporate Excellence category) and the National Award for Corporate Excellence (Large Company) at the ASEAN Business Award.

- Keppel Land won four awards at Singapore Good Design Mark Awards:
 - Ocean Financial Centre won the SG Mark Standard Award as well as a Gold Award for its green wall.
 - The Glades won two standard awards for its Sliding Integrated Multi-function Wall System as well as the Interactive Multimedia Wall at its sales gallery.

- International Financial Centre Jakarta was named the Best Commercial Development in Indonesia and the Best Green Development at the Southeast Asia Property Awards.

- Ocean Financial Centre and Marina Bay Suites respectively garnered FIABCI Singapore Property Awards in the Office and High-Rise Residential categories.

- Marina at Keppel Bay was recredited with 5 Gold Anchors at the Marina Industries Association Australia Awards, the highest accreditation under the International Rating Scheme for Marinas.

- Keppel Land Hospitality Management clinched following awards:
 - Royal Sedona Suite at Sedona Hotel Yangon
 - Myanmar's Leading Hotel Suite, World Travel Awards 2014

- Sedona Suites Ho Chi Minh City
 - Vietnam's Leading Serviced Apartments, World Travel Awards 2014

- Ria Bintan Golf Club
 - Best Golf Course in Indonesia and Second Runner-Up for Best Golf Course in Asia Pacific, Asian Golf Awards 2014

- Spring City Golf & Lake Resort
 - Second Runner-Up for Best Golf Course in China, Asian Golf Awards 2014
 - Top Golf Course in China by Golf Magazine (China Edition)
 - Gold Caddie Service Award, Top Golf Courses Awards 2013/14
 - Top 18 Famous Holes, China Awards

- Eco-City International Country Club won the Gold Award (Wetlands category) at the Top Golf Courses Awards 2013/14.

- Keppel Corporation's 45th anniversary video, entitled *Shaping the Future*, received two Gold Awards of Excellence at the Communicator Awards, and a Platinum Award at the AVA Digital Awards.

- Corals at Keppel Bay secured the Bronze Award for its advertisement campaign at the SPH IINK Awards.

Awards & Accolades

01

For its high safety standards, the Keppel Group won 39 Workplace Safety and Health (WSH) Awards in 2014, topping 2013's record of 32 awards.

02

Ms Wang Look Fung, Director of Group Corporate Affairs, Keppel Corporation, received the "Sustainable Business Award" on behalf of Keppel Corporation from Mr Lee Yi Shyan (left), Senior Minister of State for Trade and Industry, and National Development.

03

The Glades condominium received the BCA Green Mark Gold^{Plus} award.

SUSTAINABILITY

- Keppel Corporation was selected as a component of the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific) 2013/14, the Euronext Vigeo World 120 Index and the MSCI Global Sustainability Index.
- Keppel Corporation was conferred the Sustainable Business Award (Merit) by the Singapore Business Federation.
- Keppel Land remained on the DJSI World and Asia Pacific Indices as well as MSCI Global Socially Responsible and Sustainability Indices. It was also included in the MSCI World Environmental, Social and Governance Index as well as the Sustainability Yearbook 2014.
- Keppel Land won the Sustainable Business Award for energy management conferred by the Singapore Business Federation.
- Keppel REIT was named the Regional Leader for Office Sector (Large Cap) in Asia by the Global Real Estate Sustainability Benchmark 2014 and ranked 17th position in the Global 100 Most Sustainable Corporations in the World.

- Keppel REIT clinched the Sustainability Award for business leadership at the inaugural Asia Pacific Regional Network Leadership Awards by the World Green Building Council.

BUILDING AND CONSTRUCTION AUTHORITY (BCA) GREEN MARK AWARDS

- Keppel Land was awarded the Green Mark Champion Award 2014.
 - **SINGAPORE**
 - Keppel Bay Tower, Platinum
 - Bugis Junction Towers, Platinum
 - Keppel Datahub Two, Platinum and BCA-IDA Green Mark Platinum
 - Highline Residences, Gold^{Plus}
 - Prudential Tower, Gold^{Plus}
 - Corals at Keppel Bay, the Universal Design Mark Gold^{Plus}
 - The Glades, Gold^{Plus}
 - **OVERSEAS**
 - Central Park City Plot One in Wuxi, Gold
 - Stamford City Block Five in Jiangyin, Gold
- Mr Lim Tow Fok, Keppel Land's General Manager, Property Management and Knowledge Management, was awarded the Green Building Individual Award.



01

- Ocean Financial Centre and Prudential Tower were awarded the Water Efficient Building (Silver) Certifications by the Public Utilities Board.
- Highline Residences and The Glades attained the Landscape Excellence Assessment Framework Certifications by the National Parks Board.
- Marina at Keppel Bay was named the Green Maritime Company of the Year at the Asia Boating Awards 2014.
- Tanah Sutera, the management company of Keppel Land's integrated township development in Johor, Malaysia, clinched the Merit award (Regional) at the Singapore Environment Achievement Awards.
- Sino-Singapore Tianjin Eco-City was named the National Green Building Base by the China Green Building Council while its Low Carbon Living Lab was conferred 3 stars by China's Green Building Design Label.

CORPORATE CITIZENRY

- The Keppel Group garnered its seventh consecutive Distinguished Patron of The Arts Award from Singapore's National Arts Council.
- Keppel Land China was ranked among the Top 10 ASEAN companies in China by the China-ASEAN Business Council for the third consecutive year, while Mr Ang Wee Gee, CEO of Keppel Land, was named among the Top ASEAN Entrepreneurs in China.
- Sino-Singapore Tianjin Eco-City Investment and Development Co Ltd was conferred the Tianjin Charity Star Company Award at "The Third Tianjin Charity Star Selection Activity".
- Keppel Care Foundation was awarded Corporate Gold at the Community Chest Awards.

SAFETY

- The Keppel Group clinched 39 Workplace Safety & Health (WSH) Awards conferred by the WSH Council and Singapore's Ministry of Manpower. This is the highest number of safety awards achieved by an organisation.

- Nakilat-Keppel Offshore & Marine won the Safety & Security Award at the Maritime Standard Middle East & Indian Subcontinent Awards.
- Keppel Land won the Merit award at the International Safety Awards.

HUMAN RESOURCES

- Keppel Corporation was named the Most Attractive Employer under the Engineering Sector Services category at the Randstad Awards.
- Mr Chor How Jat, Managing Director of Keppel Shipyard, was awarded the Medal of Commendation at the National Trades Union Congress May Day Awards.
- Keppel Land was conferred the Singapore HR Award for leading HR Practices in learning and human capital development, as well as special mentions for talent management, retention & succession planning, and compensation & rewards management.



02



03

Capturing Value

We will grow Keppel to be amongst the best-in-class conglomerates in the world, capturing value by being agile but sure-footed in every move. We will develop strong verticals producing quality earnings through prudent resource allocation and a capital constraint mindset, talent development and management and a continuous focus on technology innovation.

INNOVATING SOLUTIONS

Our strategic businesses, with solid execution and established presence in key markets, will innovate sustainable solutions to address the world's urgent needs for homes and a clean environment with energy and connectivity.

SEIZING OPPORTUNITIES

Our strong financial position will enable us to seize opportunities selectively in new adjacencies and growth platforms for the best risk adjusted returns, hunting as a pack and leveraging our collective strength.



Cities of Opportunities

Urbanisation is rising at an unprecedented speed and scale. About 1.4 million people are moving into urban areas every week. By 2050, two thirds of the world's population will live, work and play in cities.



Economic growth in the emerging economies will enable some 3 billion people to rise into the ranks of the middle class in the next 15 years. In less than two decades, the world will have as many as 41 mega-cities, up from 28 in 2014, and many more fast-growing urban settlements across Asia and Africa. This means new demand for food, travel, energy, housing, proper sanitation, schools and hospitals, and for businesses meeting countless needs.

Despite its challenges, urbanisation can promote sustainable growth if managed well by increasing productivity, enabling innovation and new ideas to emerge, as well as optimising the use of energy, land and natural resources. Through its key businesses in Offshore & Marine, Infrastructure and Property, Keppel is primed to meet the needs of our urbanising world.

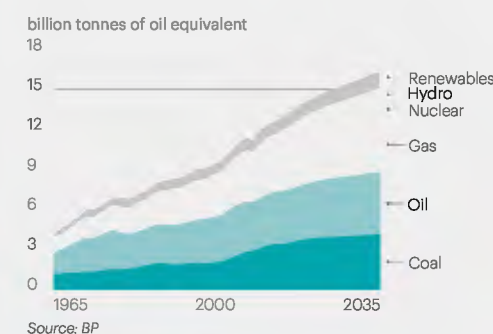
Creating Value with Agility

With a global footprint in 30 countries, Keppel Corporation leverages its international network, resources and talents to grow its key businesses. Our vision is to be a global company at the forefront of our chosen industries, shaping the future for the benefit of all our stakeholders - Sustaining Growth, Empowering Lives and Nurturing Communities.



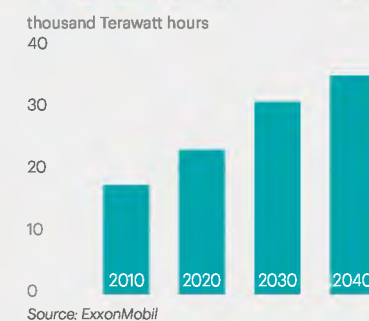
FUEL CONSUMPTION

+35% from 2010 to 2040



POWER NEEDS

+85% from 2010 to 2040



WASTE GENERATION



2.2billion tonnes of municipal solid waste generated annually by 2025, up from today's 1.3 billion tonnes.

LANDFILLS



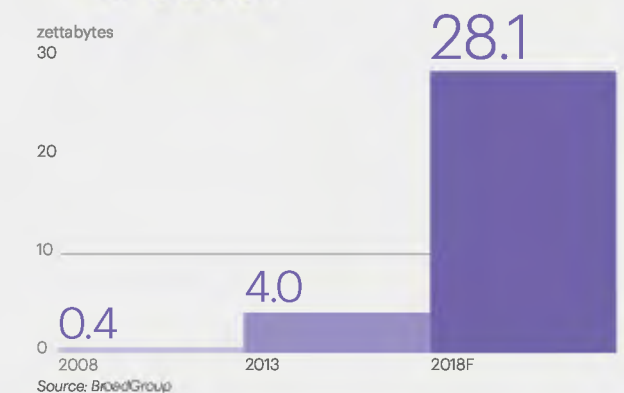
12% of current global methane emissions are produced by landfills.

LOGISTICS OUTSOURCING



US\$925billion in global third-party logistics revenue by 2020.

BIG DATA CREATION





1.1 Robust deepwater rigs



1.2 Arctic rigs and ice-class vessels



1.3 Combined-cycle gas turbine power plant

Fueling Growth

The rate of global urbanisation, combined with rising living standards, is likely to double energy demand by 2050.



Oil

In the next few decades, population and income growth are expected to create new demands for energy, driving up global energy consumption by about 35% from 2010 to 2040. Underpinning this increase is the energy consumption of developing countries or economies which is estimated to rise by as much as 70% over the same period.

Despite the growing focus on renewable energy, fossil fuels, namely oil, gas and coal, are projected to continue providing over 80% of the world's energy needs, meeting two-thirds of the increase in energy demand over the next two decades.

To meet rising global energy demand as well as offset declining production from matured onshore and shallow water basins, the petroleum industry has set out to conquer extreme environments in search of new reserves for the future. Continuous advancements in technologies are needed to open doors to these unconventional resources, while keeping costs low and production high.

With over 30 proprietary rig and ship designs and counting, Keppel Offshore & Marine is innovating to meet the complex needs of operators and drillers worldwide with reliable, cost-effective and highly-productive solutions.



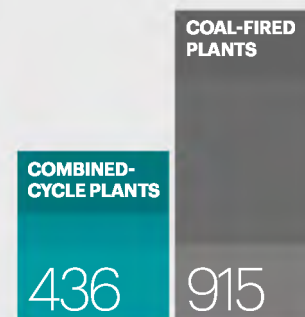
Natural Gas

Natural gas, which is the cleanest burning fossil fuel, is the cheapest and fastest way for most countries to meet their growing energy requirements while reducing carbon emissions. Projected to rise by 65% from 2010 to 2040, the global demand for natural gas, driven primarily by Asia, is set to be the fastest growing among energy sources.

Liquefied Natural Gas (LNG), which is shippable across long distances, is expected to help meet most of this demand, overtaking pipelines as the dominant form of traded gas in the next two decades. The proliferation of LNG demand is also spurring the development of new technologies to unlock more gas reserves and bring them to consumers in distant markets, while keeping overall costs low.

Drawing from rich expertise of having completed over a hundred complex oil and gas vessel conversion projects, coupled with a growing pool of in-house Floating LNG expertise, Keppel is positioned to provide solutions for the offshore LNG value chain, spanning the liquefaction, transportation and regasification processes.

Power Plant
CO₂ Emissions
(grams per kilowatt hour)



Gas-to-Power

Electricity is used to power economies, modernise cities, improve living standards, and manufacture products, among thousands of other everyday uses. With continuing economic growth, urbanisation and a widening middle class, global electricity demand is forecast to rise by about 85% between 2010 and 2040.

Natural gas, due to its relatively clean burning nature, is becoming an increasingly popular fuel for electricity generation. Natural gas is expected to supply 135% more electricity in 2040 than in 2010, overtaking coal as the largest source of electricity. Keppel Infrastructure, with its unique exposure across the Gas-to-Power value chain, is well-placed to provide reliable solutions for the import, shipping and retail of natural gas, power generation as well as electricity supply.

Building Sustainable Communities

Built-up urban areas worldwide will increase by 1.2 million square kilometres between 2000 and 2030, nearly tripling that in 2000.



Property Development

1.1 – 1.2

From ultradeep waters hundreds of kilometres offshore to the frigid Arctic, Keppel O&M is developing viable, safe and productive solutions to meet the needs of operators and drillers in extreme environments.

1.3

Keppel has a growing presence in the natural gas value chain. In addition to providing solutions for offshore LNG, we also built, own and manage Keppel Merlimau Cogen, a combined-cycle gas turbine power plant in Singapore, which is more efficient and less carbon-intensive than coal-fired plants.

The world is at the threshold of rapid economic and social change, as millions flock into urban areas drawn by the new wealth of these cities. Alongside growth, the greatest social migration of all time brings with it pressing urban management challenges, fueling the urgency for sustainable development.

As one of Asia's premier property companies, Keppel Land is shaping the future of cities, old and new, by transforming cityscapes and living spaces with innovative, eco-friendly solutions. With a pipeline of over 70,000 homes and 819,000 square metres of gross commercial space across Asia, Keppel Land is meeting the needs and aspirations of city-dwellers, balancing commercial viability with environmental sustainability.



2.1 Sino-Singapore Tianjin Eco-City

Waste-to-Energy

Rapidly rising living standards and consumption patterns are creating huge volumes of waste in cities, at levels often far beyond what governments and their agencies can manage. Such intense waste accumulation has encroached upon the ecosystem and human health, undermining the promise of the better quality of life that affluence affords. Cities are grappling with the costs of managing their massive waste, and disposal techniques and technologies, among other environmental issues.

Keppel Infrastructure, through Keppel Seghers, is a leading specialist in Waste-to-Energy (WTE), a technology which converts non-recyclable waste materials into usable heat or electricity through incineration.



2.2 Waste incineration technology

This process of recovering energy from waste generates renewable energy and reduces landfills, which produce methane. Keppel's proven and patented WTE technologies have been successfully implemented in more than 100 facilities around the world, and continue to help cities come to grips with their waste.

District Cooling

Air conditioning and heating, energy intensive as they are, have become an essential part of urban development. Fortuitously, the clustering of production and residential areas within cities also provide great potential for reducing the use of fossil fuels in cooling and heating.

Centrally chilled and hot water processing plants, such as those developed and run by Keppel DHCS in Singapore and China, can effectively serve the air-conditioning needs of dozens of office, industrial and residential buildings at a time.



2.3 District cooling systems

At a District Heating and Cooling Systems (DHCS) plant, water is chilled or heated to the designed temperature and continuously supplied through a network of distribution pipes to the buildings within a district.

The resulting economies of scale and reduced environmental footprint make DHCS plants an energy-efficient, cost-effective and eco-friendly solution for urban areas.

2.1 - 2.4

Model for sustainable development - The Sino-Singapore Tianjin Eco-City brings to bear Keppel's strong competencies in master planning, property development, environmental engineering and logistics to create a harmonious and green community that meets urbanisation needs for up to 350,000 residents in China.



2.4 Quality living environment



3.1 Eco-friendly data centres



3.2 Integrated logistics solutions

Connecting People and Businesses

Citizens and businesses of smart cities will enjoy high levels of sustainable collaboration, productivity, and economic growth.

Unlike the railways, roads, and telephone lines that used to pave the way for new cities and new connections, urbanisation in the 21st century is powered by the flow of information, networks, goods and services.

Better and more productive urban areas can be built to support economic prosperity and sustainable development by weaving together people, services, community infrastructure and information. Through offering quality integrated services and solutions in logistics and data centres, Keppel T&T is connecting people and businesses, as well as contributing towards more resource-efficient, livable and eco-friendly cities.

Data Centres

About 90% of the data in the world was created in just the last two years alone. The surge in cloud computing, e-commerce, online shopping and businesses outsourcing their IT infrastructure are just some of the key trends stoking demand for quality data centres.

While data centres are commonly run by large companies or government agencies, they are also increasingly used to provide fast-growing cloud solutions for private and business applications.

Keppel T&T has a strong track record for owning, designing and managing highly resilient and energy-efficient data centres in Asia-Pacific and Europe. It helps both private and public organisations alike ensure smooth operations through reliable and cost-effective data centre co-location and business contingency services. The Company's bespoke data centre offerings will enable more organisations to manage their operating costs and eco-footprint in the digital economy.

Logistics

Cities are fueled by the movement of essential resources such as food, healthcare equipment and other goods quickly and efficiently from where they are produced to where people consume and use them.

Keppel T&T is one of Asia's leading providers of integrated third-party logistics solutions backed by world-class distribution centres, warehouse facilities, river ports and IT infrastructure. The company offers one-stop solutions to help businesses across food, healthcare, retail, offshore & marine and publishing sectors manage their entire supply chain seamlessly from the inbound movement of raw materials to the delivery of finished goods.

3.1 - 3.2

Keppel T&T is providing reliable and efficient infrastructure solutions and services to enhance the flow of information, goods and services between citizens and businesses in urban centres.

Operating & Financial Review

Keppel Corporation creates sustainable value through its key businesses in Offshore & Marine, Infrastructure and Property. The Group serves a global customer base through its presence in over 30 countries, and as at end-2014 had total assets of \$31.6 billion.

Some of the key factors influencing the Group's businesses include global and regional economic conditions, oil and gas exploration and production activities, real estate markets, currency fluctuations, capital flows, interest rates, taxation and legislation. As the Group's operations involve providing a range of products and services to a broad spectrum of customers in many geographic locations, no single factor, in the management's opinion, determines the Group's financial condition nor the profitability of its operations.

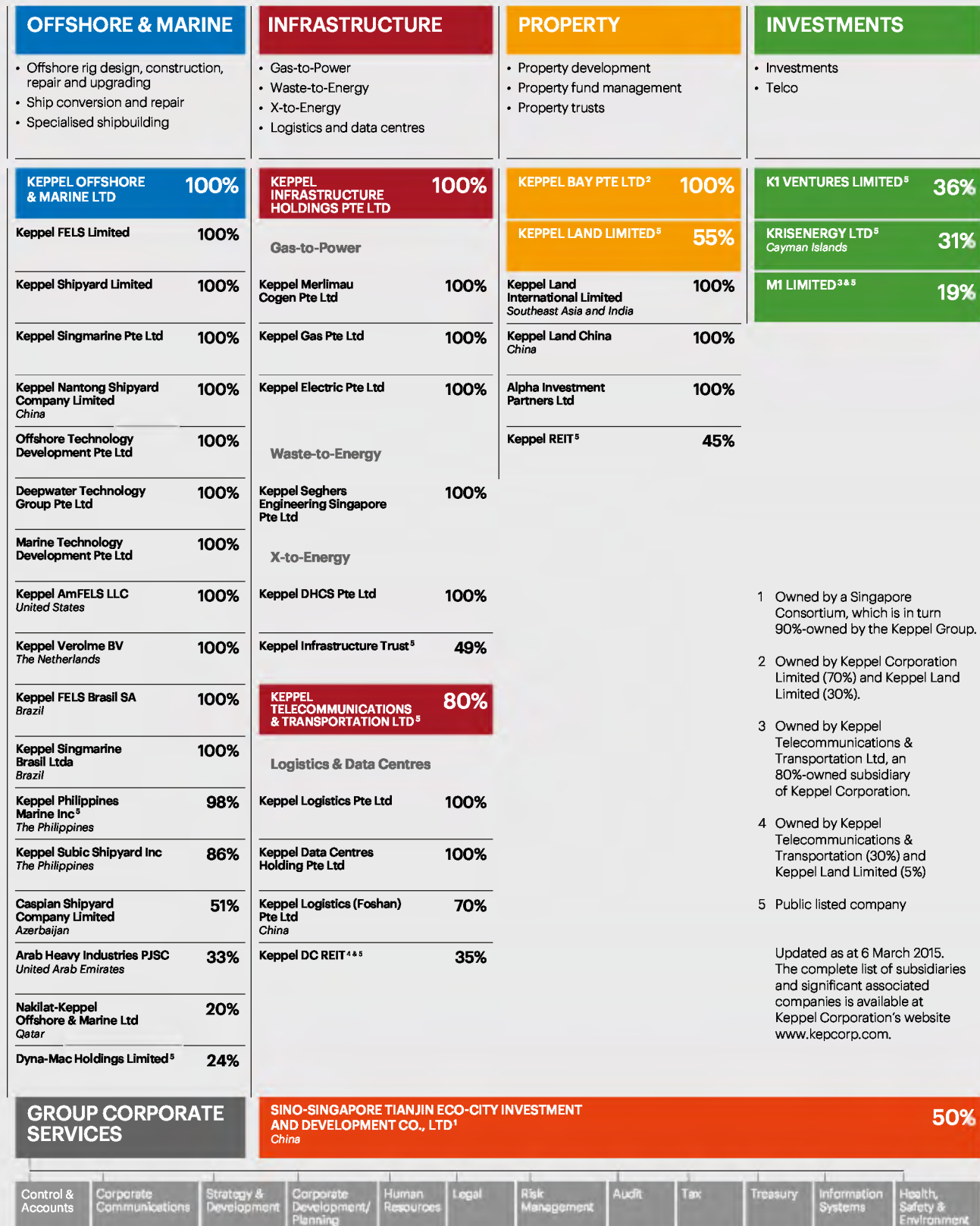
This section reviews the strategic, market and business aspects of Keppel Group's operations and financial performance, based on its consolidated financial statements as at 31 December 2014. Also discussed are the impacts of key business activities on the Group's performance, challenges in the operating environment, as well as the long-term strategies which Keppel uses to shape its future.

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GROUP STRUCTURE

Keppel Corporation Limited



**MANAGEMENT
DISCUSSION &
ANALYSIS**

We are configured for growth with prudent financial discipline and a strong balance sheet.

FREE CASH FLOW

\$729m

EARNINGS PER SHARE

\$1.04

There was no significant dilution as no major capital call was made since 1997.

GROUP OVERVIEW

Group net profit attributable to shareholders increased by 2% to \$1,885 million. The compounded annual growth for net profit from 2009 to 2014 was 4.1% and for the period from 2004 to 2014 was 15.1%.

EPS went up by 2% to \$1.04. ROE was 18.8%. EVA, at a record high of \$1,778 million, was \$636 million above that of the previous year.

Net cash from operating activities dropped by 99% to \$5 million as compared to \$637 million for 2013 due mainly to higher working capital requirements from the Offshore & Marine and Property Divisions, despite higher operating profit in the current year.

To better reflect its operational free cash flow, the Group had excluded expansionary acquisitions (e.g. investment properties) and capital expenditure (e.g. building of new logistics or data centre facilities), meant for long-term growth for the Group, and major divestments. After excluding expansionary acquisitions & capital expenditure and major divestments, net cash from investment activities was \$724 million. The Group spent

\$662 million on investments and operational capital expenditure, mainly from the Offshore & Marine Division. After taking into account proceeds from divestments and dividend income of \$1,386 million, the resulting free cash inflow was \$729 million.

Total cash dividend for 2014 will be 48 cents per share, 20% higher than the prior year's total cash dividend of 40 cents per share. This comprised a final proposed cash dividend of 36 cents per share and the interim cash dividend of 12 cents per share distributed in 3Q 2014. The total distribution for 2014 is approximately \$870 million. The total distribution for the prior year of 49.5 cents per share included a total cash dividend of 40 cents per share and a special distribution *in specie* of Keppel REIT units equivalent to 9.5 cents per share.

SEGMENT OPERATIONS

Group revenue of \$13,283 million was \$903 million or 7% above that of the previous year. Revenue from the Offshore & Marine Division of \$8,556 million was \$1,430 million higher due to

higher revenue recognition from ongoing projects. Revenue from the Infrastructure Division of \$2,934 million was \$525 million lower due mainly to lower revenue recorded by the power generation plant in Singapore, partly offset by higher revenue from the logistics and data centre businesses. Revenue from the Property Division of \$1,729 million fell by \$39 million due largely to lower contribution from residential property sales in Singapore and the deconsolidation of Keppel REIT from 31 August 2013, partly offset by the sale of a residential development in Jeddah, Saudi Arabia.

Group net profit of \$1,885 million was \$39 million or 2% higher than that of the

previous year. Profit from the Offshore & Marine Division of \$1,040 million was \$95 million or 10% higher than in 2013. Better operating results and higher interest income were partly offset by a lower share of associated companies' profits and higher tax expense. Profit from the Infrastructure Division of \$320 million was \$305 million higher due largely to better operating results as well as gains from divestments of data centre assets and Keppel FMO Pte Ltd. Profit from the Property Division of \$482 million declined by \$350 million or 42% due largely to lower operating results, lower fair value gains on investment properties and the absence of gains from the deconsolidation of Keppel REIT.

This was partially offset by gains from the disposals of Equity Plaza, Prudential Tower and its one-third interest in Marina Bay Financial Centre (MBFC) Tower 3 in 2014. Profit from the Investments Division decreased by \$11 million or 20% to \$43 million due mainly to higher overheads partly offset by profit from the disposal of investments and a write-back of impairment of investments.

The Offshore & Marine Division was the largest contributor to Group net profit with a 55% share followed by the Property Division at 26%, the Infrastructure Division at 17% and the Investments Division at 2%.

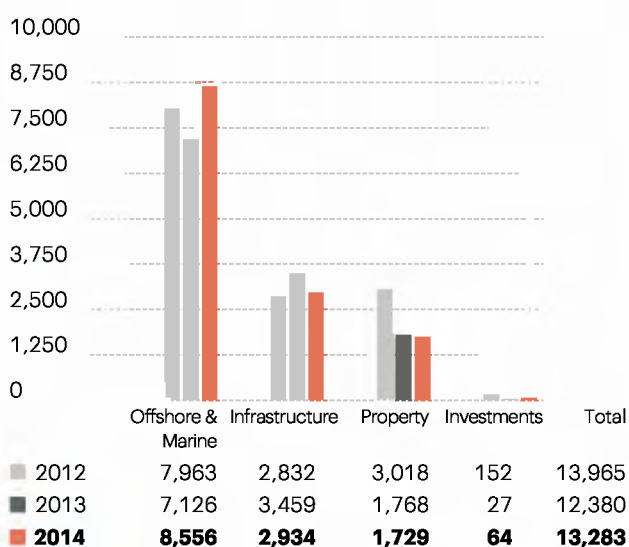
KEY PERFORMANCE INDICATORS

	2014 \$ million	14 vs 13 % +/(-)	2013 \$ million	13 vs 12 % +/(-)	2012 \$ million
Revenue	13,283	+7	12,380	-11	13,965
Net profit	1,885	+2	1,846	-17	2,237
Operating cash flow	5	-99	637	-37	1,011
Free cash flow*	729	+11	654	+4	630
Economic Value Added (EVA)	1,778	+56	1,142	-20	1,430
Earnings per Share (EPS)	\$1.04	+2	\$1.02	-18	\$1.25
Return on Equity (ROE)	18.8%	-4	19.5%	-26	26.4%
Total cash dividend per share**	48 cts	+20	40 cts	-11	45 cts

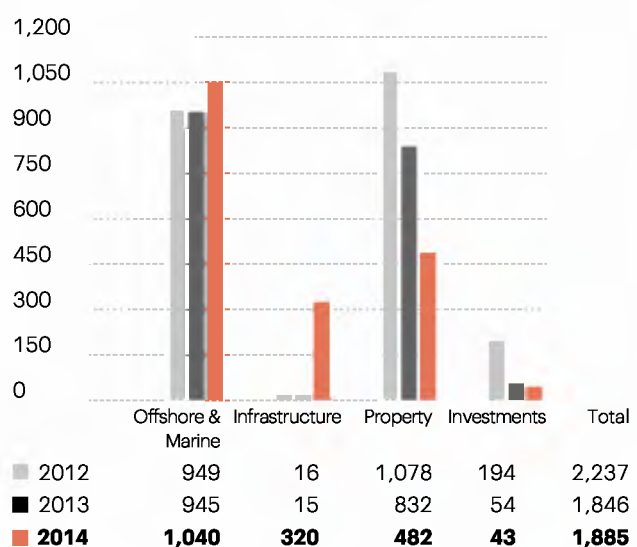
* Free cash flow excludes expansionary acquisitions & capex, and major divestments.

** Total distributions for FY 2013 and FY 2012 included non-cash special distributions in specie of Keppel REIT units equivalent to 9.5 cts per share and 28.6 cts per share respectively.

REVENUE (\$ million)



NET PROFIT (\$ million)



**OFFSHORE
& MARINE**

We aim to be the preferred solutions partner in the global offshore and marine industry.

PROFIT BEFORE TAX

\$1,365m

as compared to FY 2013's \$1,202 million.

NET PROFIT

\$1,040m

as compared to FY 2013's \$945 million.

**MAJOR DEVELOPMENTS
IN 2014**

Entrenched track record in ultra-high specification jackups by delivering the world's largest jackups, and securing a contract to build the first proprietary KFELS N Plus jackup.

Secured two contracts to perform the world's first-of-its-type Floating LNG conversions.

Secured contracts to build specialised vessels, such as the two ice-class supply vessels for a subsidiary of Bumi Armada, and a Subsea Construction Vessel (SCV) for BP Exploration (Shah Deniz) Ltd.

**FOCUS FOR
2015/2016**

Sharpen execution to extract value from backlog of orders.

Harness synergy of global yards to provide newbuild, repair and upgrading solutions to customers.

Maintain emphasis on technology development to sharpen competitiveness.

Seize opportunities in new markets and adjacent businesses for long-term growth.

EARNINGS REVIEW

The Offshore & Marine Division was entrusted with \$5.5 billion of new orders in 2014, bringing its net orderbook as at year end to \$12.5 billion, with deliveries and revenue visibility extending to 2019.

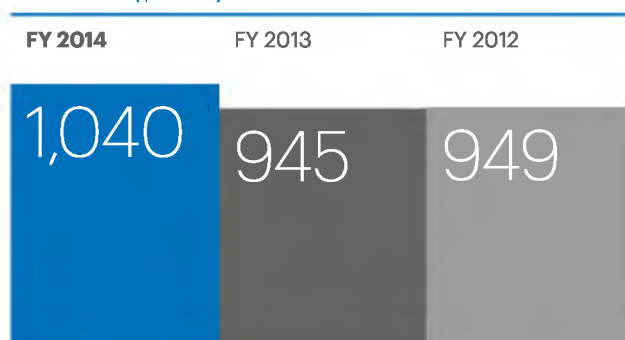
Revenue of \$8,556 million was \$1,430 million or 20% higher due to higher revenue recognition from ongoing projects. Operating profit margin for FY 2014 was 14.3%, compared to last year's 14.7%. Pre-tax earnings improved 14% to \$1,365 million on better operating results and higher interest income, partially offset by lower share of associated companies' profits. Net profit of \$1,040 million was \$95 million or 10% higher than in 2013. The Division remains the largest contributor to Group net profit with a 55% share.

MARKET REVIEW

After an unprecedented period of Brent oil price stability at levels of above US\$90 per barrel for most of the last four years, oil prices declined sharply from June 2014 to less than US\$50 per barrel at the start of 2015. This decline was mainly attributed to demand and supply factors and exacerbated by geopolitical tensions.

Returns for oil companies have also been eroded by rising costs and the sharp decline in oil price. These have in turn raised hurdle rates for new project sanctions, and caused some oil companies to reduce their exploration and production (E&P) budgets. Oil companies' cost-cutting has likewise put the supply chain under pressure.

Dayrates for drilling rigs have also taken a beating. As at early-2015, the dayrates for ultra-deep and deepwater rigs have dropped around 34% from a year ago, while those for high-specification jackups have been more resilient, decreasing by about 15% since January 2014.

NET PROFIT (\$ million)**EARNINGS HIGHLIGHTS (\$ million)**

	2014	2013	2012
Revenue	8,556	7,126	7,963
EBITDA	1,366	1,196	1,223
Operating Profit	1,224	1,059	1,089
Profit before Tax	1,365	1,202	1,193
Net Profit	1,040	945	949
Manpower (Number)	31,597	31,487	29,765
Manpower Cost	1,194	1,173	1,080

01

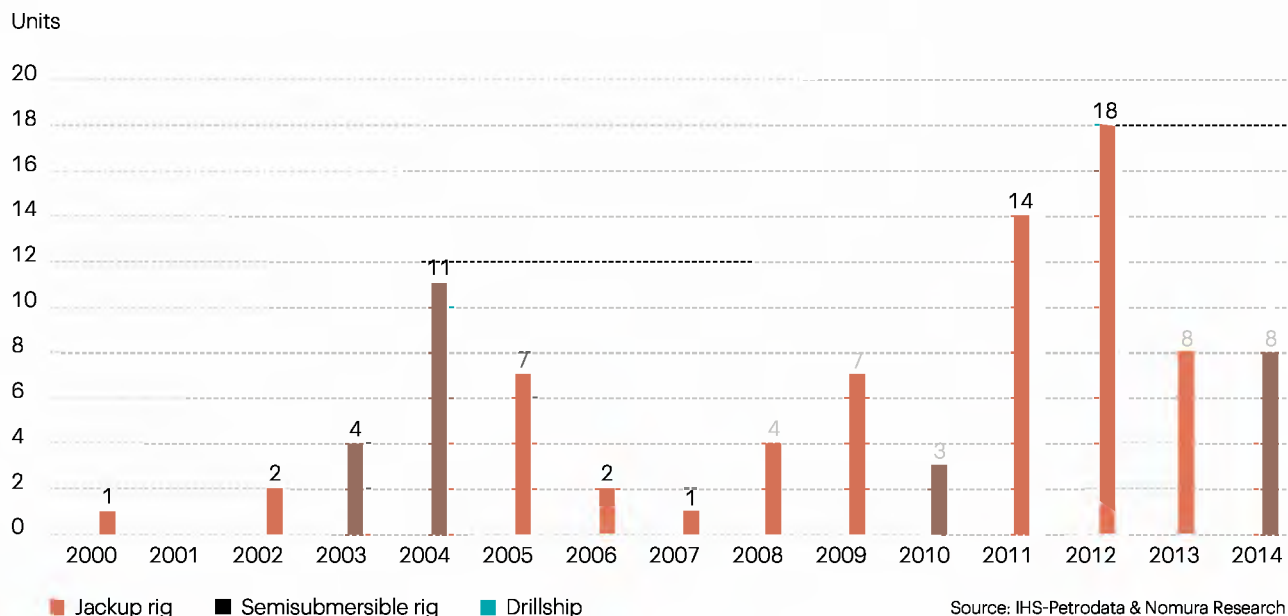
Keppel O&M's CEO, Mr Chow Yew Yuen (middle) showcases the Company's suite of innovative solutions to Mr S Iswaran, Minister, Prime Minister's Office and Second Minister for Home Affairs and Trade and Industry.



Operating &
Financial Review

OFFSHORE & MARINE

NUMBER OF OFFSHORE RIGS SCRAPPED



However, even at current price levels, offshore prospects are still viable in certain geographies such as Southeast Asia, Latin America and the Middle East. With a slowdown in E&P activities, production capacity is expected to gradually fall, bringing the market to an equilibrium.

There is also a visible acceleration in the replacement cycle for aging rigs. Presently, over 50% of global jackups and semisubmersibles are 25 years old and above. 48 rigs alone were scrapped from 2011-2014, translating to an average attrition rate of 12 rigs per year in the last four years, compared to four rigs per year in the preceding 11 years from 2000-2010.

As older rigs are due for the five-year surveys and require massive investments to upgrade, scrapping will become an increasingly attractive option for drilling contractors seeking to preserve capital. Major drillers such as Transocean and Diamond have begun scrapping their old rigs. This scrapping trend bodes well for the offshore drilling business as

capacity is being taken out from the market gradually, making headroom for dayrates to rise again.

OPERATING REVIEW

With strong operational capabilities and extensive experience in delivering a wide spectrum of offshore and marine projects, Keppel Offshore & Marine (Keppel O&M) remained the choice partner for newbuild, repair and upgrading services amongst international owners and operators in 2014.

It continued to stay ahead in the industry, delivering differentiated and value-adding solutions to a diversified customer base. Worldwide, Keppel O&M's yards delivered seven rigs, seven Floating Production Storage and Offloading (FPSO) conversions, and nine specialised vessels in a timely and safe manner during the year. In particular, the delivery of the world's largest jackups, Maersk Intrepid and Maersk Interceptor, to Maersk Drilling, further strengthened Keppel FELS's (Keppel FELS) sterling rigbuilding track record.

01

The two Maersk CJ70 rigs delivered by Keppel FELS in 2014 are the largest harsh environment jackups in the world.



01

SIGNIFICANT EVENTS

February

- Mr Chow Yew Yuen was appointed CEO of Keppel O&M on 1 February 2014.
- Keppel FELS secured a KFELS B Class jackup rig contract from UMW Oil & Gas Corporation worth US\$218 million.
- Keppel FELS also secured contracts to build three high-specification KFELS B Class jackup rigs worth about US\$650 million from new customer, Fecon International Corp.

March

- Keppel FELS delivered the world's largest jackup, the CJ70 Maersk Intrepid, to Maersk Drilling. This would be followed by the delivery of an identical second unit, Maersk Interceptor, in August 2014.
- Keppel FELS secured a contract from TS Offshore to construct the first proprietary KFELS N Plus jackup worth about US\$500 million.
- Keppel Singmarine secured three contracts from a subsidiary of Bumi Armada to build two ice-class supply vessels and an ice-class multi-purpose duty-rescue vessel.
- Keppel Nantong secured an order from KSP Towage to construct two tugs, to be deployed in Malaysia.

Keppel O&M marked significant milestones with some of the new orders, such as sealing the first-of-its kind Floating LNG (FLNG) vessel conversion contracts with Golar LNG, as well as signing the first proprietary KFELS N Plus newbuild contract with TS Offshore. Baku Shipyard, which was inaugurated at end-2013, also secured its first major newbuild contract – a subsea construction vessel from BP Exploration (Shah Deniz).

Our *Near Market, Near Customer* strategy and focus on innovation in technological offerings were evident in Keppel O&M's strategic moves during the year.

Keppel O&M signed a 30-year management services agreement with the Titan Petrochemicals Group to manage the Titan Quanzhou Shipyard in Fujian, China.

Titan Quanzhou Shipyard is one of the largest shipyards in China, occupying a total area of 110 hectares along 3,600 metres of coastline. In light of the growth in oil and gas consumption and focus on domestic production in China, we expect an increasing demand for high-specification offshore rigs and production vessels in the country.

Across its global network, Keppel O&M continued to enhance its yards' capabilities and upgrade their facilities to improve productivity and competitiveness. These well-equipped and strategically located yards around the world are well-positioned to leverage Keppel O&M's technological edge and execution track record to seize pockets of opportunities in the market, amidst a challenging macro environment.

Operating & Financial Review

OFFSHORE & MARINE

01

The KFELS B Class jackup Jindal Explorer was delivered to Star Drilling on time, on budget and with a perfect safety record.

02

Construction of the first DSS™ 38E Semi at BrasFELS is well on track.

OFFSHORE

In 2014, Keppel FELS completed six rigs on time or ahead of schedule for drilling contractors such as Maersk Drilling, ENSCO, UMW Oil & Gas, Gulf Drilling International and Star Drilling. Notably, the two mammoth Maersk Drilling CJ70 jackup rigs delivered during the year are the largest jackups ever built in the world, and are now drilling on long-term contracts offshore Norway for oil majors, Total and Det norske oljeselskap ASA.

Keppel FELS also delivered 15 repair and upgrading projects to its longstanding clients such as Diamond Offshore, Ensco, Transocean, Seadrill, Japan Drilling and COSL, amongst others.

Keppel FELS not only secured jackup and semisubmersible orders from repeat clients, but also expanded its product offerings and clientele during the year. Besides the proprietary KFELS N Plus newbuild contract from TS Offshore, Keppel FELS won three newbuild contracts from new customer, Fecon International, for its proven and high-performance KFELS B Class jackup.

As part of ongoing yard enhancements, a new gantry crane with a 700-tonne lifting capacity was installed in Keppel FELS' Pioneer Yard in Singapore in 2014. This enables the yard to construct rig modules in larger blocks so as to expedite the rig building process and increase productivity and cost efficiency.

As part of Keppel O&M's network of satellite yards in Asia, Keppel Nantong Heavy Industries continued to contribute to the smooth execution of the Group's offshore projects, such as the fabrication of pontoons and columns of the accommodation semi, Floatel Triumph. Total steel fabrication output in the yard reached a commendable 32,000 tonnes.

Keppel O&M's yards in the Americas were also bustling with newbuild and repair works during the year. Well-positioned to tap local demand, Keppel FELS Brasil's yard in Angra dos Reis, BrasFELS, and Keppel AmFELS have continued to deepen their presence and leadership in the Americas.



01



BrasFELS secured projects from repeat customers such as Ensco, Diamond, Noble as well as new customers such as Aban Abraham. To enhance work efficiency, the yard added a new 2,000-tonne Goliath Gantry Crane together with other equipment and workshops.

Keppel AmFELS has been active in supporting Mexican operators. In 2014, it fortified its longstanding partnership with Perforadora Central with the on-time and safe delivery of its fourth jackup rig and the ongoing construction of the fifth.

Leveraging its capabilities and track record for drilling rigs, Keppel AmFELS diversified its solution offerings with

an engineering, procurement and construction contract for one of the world's largest land drilling rigs capable of operating in harsh conditions.

With one of the largest drydocks in Europe and a strategic location in Rotterdam, Netherlands, close to the oil and gas fields of the UK and Norway, Keppel Verolme has been the choice yard for seagoing vessels and floating offshore units in the region.

During the year, Keppel Verolme secured several significant repair projects including jackups, semis heavy lift vessels, as well as the world's largest cruise ship, "Oasis of the Seas".

SIGNIFICANT EVENTS

April

- Keppel FELS signed a conditional management services agreement with Titan Petrochemicals Group to manage the Titan Quanzhou shipyard in Fujian, China.
- Baku Shipyard secured a contract worth US\$378 million from BP Exploration (Shah Deniz) to design and build a Subsea Construction Vessel (SCV).
- Keppel FELS signed an engineering services agreement with Workfox B.V, a subsidiary of the Seafox Group, to embark on an engineering study for a purpose-built Plug & Abandonment jack up with accommodation features.

July

- Keppel Shipyard secured a contract to convert an FPSO for Armada Kraken, a wholly owned subsidiary of Bumi Armada.
- Keppel Shipyard sealed a contract worth about US\$735 million with Golar LNG to perform the world's first-of-its-type conversion of an existing Moss LNG carrier, the HILLI, into a Floating Liquefaction Vessel. This was followed by the inking of a second FLNG contract with Golar LNG in December 2014.



MARINE

In 2014, Keppel Shipyard repaired a total of 418 vessels, a 9% increase from 2013.

The yard also completed six FPSO conversions/upgrades in 2014, bringing its total number of FPSO/FSO/FSRU conversion, upgrading and repair projects completed to 116. Since 2006, it has been delivering an average of seven conversions each year, staying as a market leader of the segment.

During the year, Keppel Shipyard signed new repair fleet agreements with Delta Tankers and Koyo Kaiun, while renewing agreements with NYK, JX Ocean, and McDermott International. It also signed new drydocking agreements with the CGG Group and MISC during the year.

The conversion contract for the first-of-its-kind FLNG vessel from Golar LNG is the fruition of a year-long Front-End Engineering and Design study in partnership with Keppel Shipyard's longtime customer. Recognising the strength of the concept and design, Golar LNG returned to Keppel Shipyard for a second identical unit at end-2014.

To improve workflow and enhance the safety and productivity of its workforce, Keppel Shipyard extended and deepened its quays in Benoi Yard. The Load Out Quay at Benoi Quay 1 was completed in early 2014.

Besides being a builder of robust tugs and offshore support vessels, Keppel Nantong Shipyard (Keppel Nantong) is an important support yard for the Singapore home base. To augment its capabilities, Keppel Nantong will be constructing a new slipway in 2015, allowing it to launch and service larger and heavier offshore vessels.

Keppel Nantong delivered two units of 50-Tonne ASD tugs on schedule and received a safety bonus in 2014. The yard also delivered the Boskalis Giant 5 Submersible Barge ahead of schedule and the sister vessel, Giant 6, is on track to be delivered by 1Q 2015. Boskalis' confidence in the yard was reflected by the repeat order for the Giant 7 Submersible Barge in September 2014.

The two shipyards under Keppel Philippines Marine (KPMI), Keppel Batangas Shipyard (Keppel Batangas)

and Keppel Subic Shipyard (Keppel Subic), leveraged their close business relationships fostered over the years to clinch repair projects from both major domestic shipping companies and foreign clients. The two shipyards repaired a total of 98 vessels in 2014.

Keppel Batangas has been actively formalising repair fleet agreements to meet the drydocking requirements of major domestic shipping operators in the Philippines. These are expected to generate sustainable revenue from the local shipping industry. Keppel Batangas also expects to tap demand arising from the vessel acquisition programme of the Philippine Navy.

In 2014, Keppel Subic delivered the coal transshipper crane barge, "Ratu Giok 5", to Indonesian client, PT Pelayaran Kartika Samudra Adijaya. It has also delivered the Malampaya Phase 3 Depletion Compression Platform (DCP) for Shell Philippines Exploration, which was subsequently delivered in February 2015.

Both Keppel Batangas and Keppel Subic are upgrading their yard facilities to construct offshore support vessels and

structures such as Platform Support Vessels (PSV) and DCPs, as well as to complement Keppel Shipyard in executing FPSO conversion projects.

Keppel O&M's yards in the Arabian Gulf, Arab Heavy Industries (AHI) and Nakilat-Keppel Offshore & Marine (N-KOM), were formed through landmark partnerships with the Ajman Government in the United Arab Emirates, and the world's leading LNG transporter, Nakilat, respectively.

AHI has built a solid track record as one of the most established shipyards in the Gulf region. In 2014, AHI repaired 113 vessels for a mix of international and local clients such as Boskalis, Smit Lamnalco, Van Oord Ship Management and Middle East Dredging Co. AHI also converted an offshore support vessel, Deep Cleaner, into a well-stimulation vessel for Navispec Marine Services.

01

Keppel Shipyard is converting two FLNG vessels for longtime customer Golar LNG.

02

Keppel Shipyard entrenched its position as the market leader in FPSO conversion and upgrading, having completed six of such projects in 2014.

SIGNIFICANT EVENTS

July

- Keppel FELS delivered ENSCO 122, the third ultra-premium harsh environment jackup rig in the ENSCO 120 Series, ahead of schedule.
- N-KOM clinched a liftboat newbuild contract and a six-year repair and maintenance contract with a combined value of US\$110 million from Gulf Drilling International (GDI), a subsidiary of Gulf International Services.

August

- Keppel FELS delivered its fourth KFELS B Class jackup rig, Dukhan, to GDI of Qatar nine days ahead of schedule, on budget and with a perfect safety record.
- Keppel FELS secured a contract from GDI to build a repeat KFELS B Class jackup rig worth US\$227 million, with options for two more units.

02



Operating & Financial Review

OFFSHORE & MARINE

01

Keppel Subic has delivered the Malampaya Phase 3 Depletion Compression Platform to Shell Philippines Exploration in February 2015.

Since its inauguration in 2010, N-KOM has undertaken more than 300 projects for the marine, offshore and onshore industries. Its regional shiprepair market share increased to about 18% in 2014. Leveraging its shareholders' strengths and capabilities, N-KOM continued to widen its solutions offerings and climb up the value chain.

During the year, N-KOM clinched a liftboat newbuild contract and a six-year repair and maintenance contract from Gulf Drilling International, a subsidiary of Qatar's largest oilfield service company, Gulf International Services. Besides the contract from Qatar Primary Materials Company for the construction of a floating jetty, N-KOM has attracted new customers on both the marine and offshore fronts, such as Odfjell, Dynacom, V Ships, Aegean Bunkering and Shelf Drilling.

SPECIALISED SHIPBUILDING

Keppel Singmarine, which helms Keppel O&M's specialised shipbuilding business, clinched multiple contracts in 2014. These include a contract from repeat customer, Seaways International, to build a 100-tonne bollard pull Anchor Handling Tug (AHT) vessel, and another contract for hull construction and outfitting works for BP's Subsea Construction Vessel won by Keppel O&M's Baku Shipyard.

Since building its first icebreaker in 2006, Keppel Singmarine has continued to build up its capabilities in the design and construction of ice-class vessels. In 2014, it bolstered its expertise with contracts for two ice-class supply vessels and a ice-class multipurpose duty-rescue vessel from Bumi Armada, and another ice-class multipurpose vessel from New Orient Marine.



Keppel Singmarine successfully delivered two projects including a bulk carrier and a catamaran air dive support vessel (DSV). DLV 2000, the derrick pipe-laying vessel for McDermott was also launched safely during the year.

Expanding its suite of technological solutions to meet the demands of the specialised shipbuilding market, Keppel Singmarine signed a Technical Assistance and License Agreement with France's Gaztransport & Technigaz (GTT) in early 2014. GTT is a global leader in the design and construction of membrane containment systems used in LNG carriers. The strategic partnership makes Keppel Singmarine the only shipbuilder in Singapore with a license for GTT's design.

2014 also marked Keppel Singmarine's foray into the buoyant liftboat market. It clinched its first contract from N-KOM to support the construction of a liftboat, which is seen as a more efficient and cost-effective alternative to the traditional offshore service vessels.

Keppel Singmarine Brasil, which focuses on the construction of offshore support vessels to service Brazil's offshore oil fields, delivered three 45-tonne bollard pull ASD harbour tugs to SMIT Rebras in 2014. Three harbour tugs for SMIT Rebras and two 4,500 DWT platform supply vessels for Guanabara Navegacao Ltda are under construction.

Over in Azerbaijan, an important oil and gas supplier to the European markets, Keppel O&M is well-positioned in the captive Caspian market through its two yards, Caspian Shipyard Company (CSC) and Baku Shipyard.

Leveraging the synergy of Keppel O&M's yards in Singapore and Azerbaijan, the construction of the DSS™38M semisubmersible for SOCAR progressed on track, with the columns and bracings built in Singapore and towed to CSC for integration.

Besides newbuild projects, CSC also undertook several repair projects during the year. These include shipyard services to Swire's Seabed Supporter vessel, and repair and upgrading works on four of BUE Marine Limited's vessels.

CSC added equipment to improve efficiency and execution. These included a new CNC plasma cutting machine, a rotary telescopic handler, forklifts, a 15-tonne side loader and a semi-auto welding machine. Upgrading of the blasting and painting halls started in September 2014, and are expected to be completed in early 2015.

Inaugurated by the President of Azerbaijan, H.E. Ilham Aliyev, in September 2013, Baku Shipyard has since achieved several milestones. In 2014, it secured a contract from BP Exploration (Shah Deniz) to design and build a Subsea Construction Vessel. This new flagship vessel for the Caspian Sea will provide essential support for the construction of subsea structures which will form the biggest subsea production system in the region. Baku Shipyard also secured a contract to build three 80-men crew boats for Caspar.

Complementing CSC, Baku Shipyard delivered two pontoons for CSC's DSS™38M semisubmersible. Building up its track record in shiprepair in the region, Baku Shipyard secured and completed 27 such jobs for customers such as Topaz Marine, Swire, Caspian Marine Services and Azerbaijan Caspian Shipping Company.

Baku Shipyard is ramping up its capabilities in terms of infrastructure and human capital to improve offerings to international ship owners in the Caspian Sea, complement its sister yard CSC, as well as position itself to capture spillover jobs from the Shah Deniz II development.

In recognition of its quality management system, Baku Shipyard secured the ISO 9001-2008 certification in 2014.

SIGNIFICANT EVENTS

October

- Keppel Shipyard and Keppel Nantong secured contracts worth a total of \$153 million for the conversion of an FPSO vessel for Armada Cabaca Limited and the construction of a submersible barge, Giant 7, for Smit Shipping.
- Keppel FELS secured a contract from BOT Lease Co Ltd, an affiliated company of The Bank of Tokyo-Mitsubishi UFJ, for a KFELS Super B Class jackup rig worth about US\$240 million.

November

- Keppel AmFELS delivered its fourth jackup rig, Coatzaocalcos, to Perforadora Central on time, within budget and with zero lost-time incidents.
- Keppel FELS was conferred the title of "Largest manufacturer of offshore rigs - current" by the Guinness World Records for delivering 21 rigs in 2013.

December

- Keppel FELS delivered a third KFELS B Class jackup drilling rig to Star Drilling, an associate company of India's D P Jindal Group.
- Keppel Shipyard delivered the FPSO vessel Bertam to Lundin Petroleum and the Petronas group.

Operating &
Financial Review

OFFSHORE & MARINE



01

This could stimulate rig demand in Mexico in the longer term. According to Wood Mackenzie, the local content requirement in Mexico is set to reach 35% by 2025.

Having kept a keen eye on developments in Mexico over the years and signed an MOU with PEMEX for the development of a yard in Mexico, Keppel O&M is well-positioned to support the country's oil and gas development.

Keppel O&M continues its focus on technology and Research & Development (R&D) to meet customers' requirements for robust and cost-effective solutions. It is expanding its suite of proprietary designs, such as the harsh-environment capable KFELS E and J Class jackup designs for the North Sea.

**SHIPREPAIR AND
PRODUCTION UNITS**

The shiprepair market is expected to be challenging as recovery for most shipping sectors remains slow. The container shipping sector continues to grapple with overcapacity, facing pressure on freight and charter rates, although the increase in scrapping activity could improve the supply-demand equilibrium in the longer term.

There is optimism for tankers as rates have been boosted due to higher demand for lower-priced crude oil and for use as storage for crude oil. Lower bunker fuel costs also translate to better margins for shipping companies, which could provide a lift for shiprepair activities.

Despite the recent drop in crude oil prices likely to delay oil field Final Investment Decisions, the long-term fundamentals for FPSO/FSO/FLNG projects remain intact. According to the Energy Market Authority, regions like Southeast Asia, Africa and Brazil are still active for production unit projects.

INDUSTRY OUTLOOK

Exploration and production activity in shallow waters will likely stay muted in the short to medium term. According to Pareto Securities, National oil companies such as Saudi Aramco and PEMEX are expected to keep their overall rig count steady in 2015. Nonetheless, these oil companies will be looking to optimise their costs by seeking reduced dayrates for the jackups that they are chartering.

The floater market is expected to be challenging, according to RS Platou which expects a drop in floater demand of around 2-3% in 2015. Floater backlog will continue to be eroded, with 40% of the actively marketed floater fleet coming off contract from 4Q 2015 to 2Q 2016.

With a sizeable contract backlog stretching into 2019, Keppel O&M is well-positioned to tide over the

slowdown in the industry. It will also leverage its global network of yards to tap demand in regions that are more resilient.

OFFSHORE RIGS

There are still pockets of opportunities for oilfield services in shallow-water reservoirs where breakeven oil prices for production is lower than current oil prices. The Middle East oil and gas market for example, remains robust as many of the fields are in shallow waters, fully developed and have low marginal costs of production.

For Mexico and India, oil and gas exploration and development remains necessary for energy self-sufficiency. Upstream licensing in Mexico has kicked off with the release of 109 exploration and 60 production blocks, including shallow-water acreage, on offer to foreign oil companies.

The outlook for FLNG conversions remains promising. The two FLNG conversions that Keppel Shipyard is undertaking are both near-shore vessels, providing efficient alternative liquefaction solutions for piped gas from onshore terminals. Aside from FPSO/FSO/FLNG projects, there are also opportunities in turret fabrication for newbuild FPSO/FSOs.

SPECIALISED SHIPS

Maintaining and/or enhancing oil production levels for existing fields should remain a key theme for the industry. This will entail the repair and maintenance of existing production platforms, which, in turn, require a diverse supply of offshore support vessels, liftboats and accommodation semisubmersibles.

Versatile and experienced in building a wide spectrum of specialised ships, Keppel O&M is well-placed to meet this demand.

Keppel O&M has successfully navigated numerous challenging cycles in the past four decades and has emerged stronger each time. Keppel O&M's overarching strategy of delivering solutions that can create value for customers will continue to be relevant amidst a challenging market environment.

With a sizeable contract backlog stretching into 2019, Keppel O&M is well-positioned to tide over the slowdown in the industry, and enhance its niche products to provide customers with the best value propositions.



01

Growing track record - Baku Shipyard has secured a contract from BP Exploration to build a flagship Subsea Construction Vessel for the Caspian Sea.

02

Despite the low oil price environment, Keppel is able to capture value by offering customers a wide range of cost-effective products and services.

INFRASTRUCTURE

We will focus on developing our energy-related infrastructure solutions, as well as logistics and data centre businesses.

PROFIT BEFORE TAX

\$452m

as compared to FY 2013's \$73 million.

NET PROFIT

\$320m

as compared to FY 2013's \$15 million.

MAJOR DEVELOPMENTS IN 2014

K-Green Trust was renamed Keppel Infrastructure Trust (KIT) with an expanded investment mandate.

The combination of KIT with CitySpring Infrastructure Trust (CIT) was proposed along with the injection of 51% of Keppel Merlimau Cogen Pte Ltd into the enlarged trust.

The Greater Manchester Energy-from-Waste Plant and Doha North Sewage Treatment Works achieved significant milestones.

Keppel DC REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST) raising \$512.9 million through the initial public offering.

FOCUS FOR 2015/2016

Complete the proposed combination of KIT and CIT, enhance the asset portfolio and seek acquisition opportunities.

Complete the Engineering, Procurement and Construction (EPC) projects in the UK and Qatar.

Grow expertise in Waste-to-Energy (WTE) technology package deployment and expand market share in Singapore and China.

Expand logistics business in target markets in Asia Pacific, and grow a pipeline of quality data centre assets for injection into the newly-listed Keppel DC REIT.

EARNINGS REVIEW

The Infrastructure Division's revenue decreased by \$525 million to \$2,934 million due to lower revenue contributed by Keppel Infrastructure's (KI) power generation plant, partially offset by higher revenue from Keppel Telecommunications & Transportation's (Keppel T&T) logistics and data centre businesses. Profit before tax increased by \$379 million to \$452 million, due mainly to better operating results from both KI and Keppel T&T, as well as gains from divestments of data centre assets and Keppel FMO Pte Ltd. The Division contributed 17% to the Group's net profit for FY 2014.

**GAS-TO-POWER
MARKET REVIEW**

In 2014, Singapore's average electricity demand grew at a year-on-year rate of 3.6%, higher than the 2.8% increase in 2013. However, competition intensified with the commercialisation of additional generation capacity from both new entrants and existing players. This has led to oversupply and margin pressures in the local energy sector.

The Energy Market Authority has launched several initiatives with intention to encourage further growth in the Singapore energy market. Such initiatives include the scaling back of electricity vesting levels, issuing Request for Proposals for the appointment of Liquefied Natural Gas importers, and further liberalising the electricity retail market.

OPERATING REVIEW

Despite the industry headwinds, KI's Gas-to-Power business delivered another year of commendable results and maintained its lead in the electricity retail market, leveraging its integrated business platform.

Following the upgrading of Keppel Merlimau Cogen's generation capacity from 800 megawatt (MW) to 1,300 MW in 2013, we have been focused on improving the operational efficiency and flexibility of the power plant.

In line with its portfolio strategy, KI entered into a conditional agreement

NET PROFIT (\$ million)

FY 2014	FY 2013	FY 2012
320	15	16

EARNINGS HIGHLIGHTS (\$ million)

	2014	2013	2012
Revenue	2,934	3,459	2,832
EBITDA	570	150	101
Operating Profit	466	69	46
Profit before Tax	452	73	58
Net Profit	320	15	16
Manpower (Number)	2,728	3,358	4,175
Manpower Cost	231	244	278

01

Keppel Infrastructure Trust will acquire a 51% stake in Keppel Merlimau Cogen Pte Ltd, which owns the 1,300 MW co-generation plant on Jurong Island.



Operating & Financial Review

INFRASTRUCTURE

01

Singapore's Prime Minister Lee Hsien Loong (third from left) visited Keppel Seghers' booth at WasteMET Asia during the CleanEnviro Summit in Singapore.

02

Keppel Seghers has successfully handed over Phase 1 of the Greater Manchester EfW Plant.

to divest a 51% stake of Keppel Merlimau Cogen Pte Ltd, which owns the 1,300 MW co-generation plant, to KIT for a cash consideration of \$510 million. The proceeds from the divestment will help strengthen KI's balance sheet.

BUSINESS OUTLOOK

The oversupply is expected to be sustained and weigh on the electricity market in the coming years.

On a positive note, the retail contestability threshold for consumers will be further lowered to 2,000 kilowatt per hour (kWh) on 1 July 2015, after the reduction from 10,000 kWh to 4,000 kWh in 2014. This will provide about 10,000 more non-residential consumers with the choice of procuring electricity from retailers apart from SP Services Ltd, adding to the current pool of 23,000 non-residential consumers.

WASTE-TO-ENERGY

MARKET REVIEW

Rapid urbanisation and stricter environment regulations will continue to underpin growth in the Waste-to-

Energy (WTE) sector. For example, environmental issues emerging from China's rapid industrialisation are seen as one of the most pressing challenges. As part of its efforts to promote proper treatment of municipal solid waste, the Chinese National Environmental Bureau introduced a more stringent set of emission standards in 2014. The more stringent regulations of the WTE sector will benefit credible players with proven technologies, like Keppel.

Growing interest in the WTE projects have also been demonstrated in the Gulf Cooperation Council region.

On the technology front, KI has continued to develop its core technology catering for the increased demand of higher capacity incineration lines and better energy efficiency in the WTE market.

OPERATING REVIEW

In the UK, Phase 1 of the Greater Manchester EfW Plant has been handed over successfully. The handover of Phase 2 is expected to take place in 1H 2015.





02

In Qatar, the Doha North Sewage Treatment Works started commissioning with handover expected to be in 1H 2015. The Qatar Domestic Solid Waste Management Centre has completed its third year of operations with high performance in terms of plant availability and treatment capacity.

In China, we have been working on the installation of our proprietary WTE technology package in two projects in Beijing and Yangzhou, Jiangsu. Both projects are progressing within their contractual schedules and budgets.

In Bialystok, Poland, engineering work and procurement of the WTE plant, built by the consortium between Keppel Seghers and Budimex, were almost finished in 2014. The civil construction has been well advanced with all of the heavy lifting of key components completed during the year. The plant is scheduled to undertake pressure testing of its

boiler in early-2015, followed by an extensive commissioning.

BUSINESS OUTLOOK

The global municipal solid waste is estimated by the World Bank to increase from about 1.3 billion tonnes/year now to 2.2 billion tonnes/year by 2025, driven mainly by population growth. This, coupled with the limitation of landfill space, will lead to an ever-increasing demand of proper waste treatment solutions, such as WTE.

In Singapore, KI is one of the few players pre-qualified by the National Environment Agency (NEA) for the Design-Build-Own-Operate (DBOO) tender of a WTE plant with a minimum capacity of 2,400 tonnes/day.

Meanwhile, KIT had committed in September 2014 to enhance the contracted incineration capacity of the Senoko WTE plant by up to 10%. The upgrading works is expected to take place between 3Q 2015 and 3Q 2016.

SIGNIFICANT EVENTS

January

- Keppel Logistics increased its 40% stake in Indo-Trans Keppel Logistics Vietnam Co Ltd (ITKL) to 51%, making it a subsidiary of the company.

- Keppel T&T ventured into Australia with the incorporation of a new subsidiary, Keppel Logistics (Australia) Pty Ltd.

March

- Keppel Infrastructure Fund Management received unitholders' approval to rename K-Green Trust as Keppel Infrastructure Trust, and expand its investment mandate.
- Keppel Datahub 2 became the first new data centre in Singapore to achieve Platinum Award for the BCA-IDA Green Mark.

May

- ITKL broke ground for a new distribution centre located in the Vietnam-Singapore Industrial Park 1 in Binh Duong Province.

August

- Keppel Logistics' first 10,000 sm warehouse in Brisbane, Australia commenced operations.



01

Keppel Logistics' newly-completed Tampines Logistic Hub is well-positioned to serve high value-added industries.

The proposed combination of KIT and CIT, and the acquisition of Keppel Merlimau Cogen Pte Ltd, which owns the 1,300 MW co-generation plant, will raise KIT's total assets from \$600 million to over \$4 billion.

In Hong Kong, we expect the government to proceed with the development of the HK\$19.2 billion integrated waste management facility. It will be a state-of-the-art modern WTE plant built on a reclaimed island, with a capacity of 3,600 tonnes/day.

The demand of WTE solutions in Europe will also be driven by the replacement and upgrading of aging facilities, and the rapid development of newer European Union (EU) members, such as Poland.

X-TO-ENERGY

The X-to-Energy Division comprises the Group's district cooling systems (DCS) business and infrastructure business trust.

MARKET REVIEW

The demand for district cooling services in Singapore remained strong, achieving a compound annual growth rate of 11% since 2010. The government-led drive for energy efficiency and legislative

changes, e.g. requiring more buildings to obtain Green Mark certifications, provides greater impetus for growth in this sector.

Keppel DHCS has broadened its market segment to include office, biomedical, research & development, wafer fabrication, media, communications & information, and aviation training facilities. It has also expanded its modus operandi by offering retail cooling systems within customers' premises.

OPERATING REVIEW

Keppel DHCS' retail cooling facilities for Keppel Logistics commenced operations in 3Q 2014. It also expanded its clientele at the Changi Business Park to include Haite High-Tech Aviation Training Centre, Rigel Innovation Hub and Soo Kee Jewellery Group.

Development of the DCS plant at Mediapolis is slated for completion in 3Q 2015. The plant will be connected to the existing DCS

plant in Biopolis to form an integrated DCS network at the one-north precinct. During the year, Keppel DHCS rolled out several initiatives to improve energy efficiency and cost competitiveness of its plants, such as the implementation of linear programming to optimise operations and the retirement of inefficient equipment.

In November 2014, Keppel DHCS' Tianjin plant started supplying to Huang Wei Zhi Jia. This has not only brought its total number of customers to six in Tianjin, but also lowered its carbon footprint by increasing the utilisation of its geothermal heating system to meet 80% of the heating demand.

BUSINESS OUTLOOK

Despite the stiff competition in the retail cooling segment due to the relatively low entry barriers for smaller and new entrants, Keppel DHCS is optimistic about acquiring new customers in Singapore and Southeast Asia, riding on its competitive cooling solutions.

Keppel Infrastructure Fund Management, in its capacity as trustee-manager of KIT, entered into agreements to combine KIT and CitySpring Infrastructure Trust (CIT), and to acquire KI's 51% stake in Keppel Merlimau Cogen Pte Ltd, which owns a 1,300 MW co-generation plant in Singapore. Upon completion of both transactions, KIT's total assets will increase from around \$600 million to over \$4 billion, making it the largest Singapore infrastructure-focused business trust listed on the SGX-ST. This will place KIT in a better position to capture asset enhancement opportunities for its enlarged asset portfolio, and to work with its sponsor for further acquisition opportunities.

LOGISTICS

MARKET REVIEW

The Southeast Asian economy performed well amidst uneven recovery in the global economy. Strong domestic demand and increasing foreign direct

investments continued to drive the region's growth.

China's economic growth rate tapered to 7.4% in 2014. Moderate growth is seen as the Chinese economy matures and shifts towards service oriented industries.

OPERATING REVIEW

Keppel Logistics continued to achieve high occupancy rates in its logistics facilities across Southeast Asia and China.

In Singapore, the Tampines Logistics Hub's construction was completed in December 2014 and is expected to commence operations in 2Q 2015. The BCA Green Mark award-winning warehouse facility will add 32,400 sm of warehouse space to its Singapore portfolio.

Meanwhile, Indo-Trans Keppel Logistics completed its new warehouse facility in the Vietnam-Singapore Industrial Park 1 in November 2014. It also embarked on the expansion of its Tien Son warehouse facility in Bac Ninh Province with an additional 3,500 sm.

In Malaysia, Keppel Logistics bolstered its warehousing capacity with the lease of a new 4,200 sm warehouse adjacent to its Shah Alam facility.

During the year, Keppel Logistics entered into the Australian market. Its wholly-owned subsidiary, Keppel Logistics (Australia), commenced operations in August 2014, managing a 10,000 sm warehouse in Brisbane.

In China, Keppel T&T's Sanshui Port in Guangdong Province maintained a high throughput volume despite the slowdown in the country's economic growth. The preliminary works for the expansion of Sanshui Port have also commenced.

The river port in Wuhu, Anhui Province also achieved a better throughput volume of over 4.4 million tonnes in FY 2014. However, throughput at the Lanshi Port continued to be affected by the traffic restrictions in Foshan City.

SIGNIFICANT EVENTS

October

- For the fourth time since 2009, Keppel Logistics was named the Singapore Domestic Logistics Service Provider of the Year at the annual Frost & Sullivan Asia Pacific Best Practices Awards 2014.

November

- Keppel Data Centres Holding acquired Almere Data Centre 2 in the Netherlands.
- Construction of ITKL's distribution centre in the Vietnam-Singapore Industrial Park 1 was completed.

December

- Construction of the Tampines Logistics Hub in Singapore was completed.
- Keppel DC REIT made a strong debut upon listing on the SGX-ST. It became the first data centre REIT listed in Asia and also the largest REIT IPO in Singapore in 2014 with \$512.9 million raised.

Operating & Financial Review

INFRASTRUCTURE

01

Keppel DC REIT debuted strongly on the SGX-ST as its largest REIT IPO in 2014 with \$512.9 million raised.

02

Keppel T&T's data centre business is set to grow via its newly-listed REIT platform in the target markets of Asia, Australia and Europe (Almere 1 & 2 in picture).

The integrated distribution centre in the Sino-Singapore Tianjin Eco-City is close to completion and is expected to commence operations in 2015. The food logistics parks in China are being developed.

BUSINESS OUTLOOK

The economic growth in Southeast Asia is expected to accelerate, as the gradual recovery in advanced economies boosts demand for the region's exports. In addition, the region's economic integration is set to deepen with the proposed establishment of the ASEAN Economic Community. This will further encourage cross-border trade and fuel demand for logistics services.

In October 2014, the Chinese government unveiled its six-year plan to develop the country's infrastructure and improve the efficiency of its domestic supply chain. Coupled with

strengthened domestic demand, the outlook of China's logistics sector remains positive.

Keppel T&T is well-positioned for future growth, riding on increasing demand for quality logistics services in countries where it operates. It will continue to leverage its core competencies and explore opportunities to further expand its business in target markets in Asia Pacific.

DATA CENTRES

MARKET REVIEW

Global demand for data centre services remained strong in 2014, backed by growth in e-commerce, cloud computing and big data. Expansion and acquisition activities in the industry have intensified. Research shows that the global co-location market has surpassed US\$25 billion in revenue in 2014 and market expansion has begun



01

02



to take off in the Asia-Pacific and EMEA (Europe, the Middle East and Africa) regions.

OPERATING REVIEW

In 2014, Keppel T&T's data centres continued to operate at near full occupancies. As part of its efforts to address existing clients' capacity expansion requirements and to enjoy greater economies of scale, Keppel Data Centres Holding (KDCH) completed the development of Keppel Datahub 2, an award-winning green data centre facility with a lettable area of approximately 47,000 sf.

In November 2014, Keppel T&T expanded its footprint in Europe by entering into a conditional sale and purchase agreement with Borchveste Almere 2 BV for the acquisition of Almere Data Centre 2 (Almere 2). Almere 2 is located next to Almere 1, a fully occupied data centre acquired in 2013. The facility will have a lettable area of 53,800 sf when fully fitted out.

In December 2014, Keppel T&T marked a new milestone with the successful listing of Keppel DC REIT, the first data centre REIT listed in Asia. Keppel DC REIT Management (KDCRM), the manager of Keppel DC REIT,

currently manages a diversified portfolio of eight high-quality data centre assets in Europe and Asia-Pacific, with an aggregate appraised value of approximately \$1 billion as at 30 September 2014.

BUSINESS OUTLOOK

With the increasing digitisation of the global economy, demand of data creation and storage is expected to grow. Other drivers include growing adoption of cloud computing, greater compliance and regulatory requirements on data security, and increasing outsourcing of data centre services.

These trends present opportunities for Keppel T&T's data centre business to grow via its REIT-development company strategy in its target markets. Besides acquiring high-occupancy, income-producing data centre assets through Keppel DC REIT, Keppel T&T also looks to expand its portfolio by developing green and brown field projects when opportunities arise. Upon attaining near full occupancy, the new assets will be offered to the REIT for capital recycling.

Keppel T&T will focus on expanding its logistics business in target markets in Asia Pacific as well as growing a pipeline of quality data centre assets for injection into the newly-listed Keppel DC REIT.

PROPERTY

We are committed to provide urban living solutions through property development and property fund management.

PROFIT BEFORE TAX

\$1,017m

as compared to FY 2013's \$1,439 million.

NET PROFIT

\$482m

as compared to FY 2013's \$832 million.

MAJOR DEVELOPMENTS IN 2014

Sold about 2,450 homes, mostly in China and Singapore.

Generated \$1 billion in net proceeds from asset divestments for capital recycling.

Committed \$1.1 billion in investments into new and existing projects.

Strengthened retail management capability with the acquisition of a 75% stake in Array Real Estate.

Grew Assets Under Management by Keppel REIT and Alpha Investment Partners (Alpha) to \$18.7 billion.

FOCUS FOR 2015/2016

Invest strategically and opportunistically in developed and emerging markets, new platforms, projects and properties.

Scale up commercial presence overseas.

Monetise assets to recycle capital.

Grow fund management businesses for steady recurring income.

Step up sustainability efforts.

EARNINGS REVIEW

Revenue from the Property Division of \$1,729 million was \$39 million or 2% below that of the previous year, due to lower sales in Singapore. In addition, Keppel REIT did not contribute any revenue in 2014 as it was deconsolidated from 31 August 2013. This was partly offset by the sale of a residential development in Jeddah, Saudi Arabia.

Pre-tax profit decreased by \$422 million or 29% to \$1,017 million for FY 2014. Lower operating results, lower fair value gains on investment properties and absence of gains from the deconsolidation of Keppel REIT recognised in 2013 was partially offset by gains from disposal of Equity Plaza, Prudential Tower and Marina Bay Financial Centre (MBFC) Tower 3 in 2014. With a net profit at \$482 million, the Division contributed 26% to the Group's net profit.

MARKET REVIEW

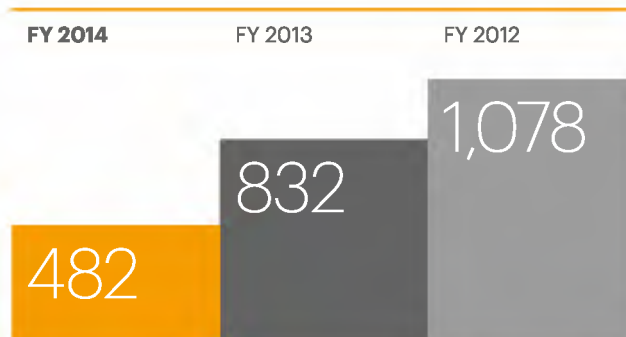
The Singapore economy registered a 2.9% growth in GDP for 2014, lower than the 4.4% growth in 2013 amid uncertainties in the global economic environment.

The Singapore residential market continued to be affected by the Total Debt Servicing Ratio restriction and the Additional Buyer's Stamp Duty introduced last year. Demand for new homes fell to about 7,300 units in 2014 and private residential prices also eased by 4% year-on-year.

The office market saw a positive take-up rate of Grade A office space in the CBD, supported by limited new supply and healthy demand from diverse sectors such as energy, commodities, insurance, IT & e-commerce as well as professional services. According to CB Richard Ellis (CBRE), core CBD office occupancy improved to 95.7% as at end-2014 compared with 95.2% as at end-2013. Grade A office rents rose 14.9% year-on-year from \$9.75 psf to \$11.20 psf as at end-2014.

In China, the economy registered slower growth of 7.4% in 2014

NET PROFIT (\$ million)



EARNINGS HIGHLIGHTS (\$ million)

	2014	2013	2012
Revenue	1,729	1,768	3,018
EBITDA	686	1,006	1,374
Operating Profit	667	981	1,353
Profit before Tax	1,017	1,439	1,809
Net Profit	482	832	1,078
Manpower (Number)	4,224	4,321	4,280
Manpower Cost	173	158	126

01

Keppel Land injected its one-third interest in MBFC Tower 3 into Keppel REIT as part of its capital recycling strategy.



Operating &
Financial Review

PROPERTY



01

Highline Residences located in Tiong Bahru, named by Vogue Magazine as the fourth coolest neighbourhood in the world, sold more than a quarter of its 500 units at end-2014.

02

In China, market sentiments improved in the last quarter of 2014 following the relaxation of mortgage rules and cut in interest rates.

compared with 7.7% in 2013 on the back of a weaker manufacturing sector, lower investments and a softer property market. The residential market was impeded by government cooling measures, which include the home purchase restrictions and tighter mortgage rulings as China's government seeks to maintain a stable and sustainable market.

In Vietnam, robust exports and rising foreign investments lifted the economy's growth rate to 6% in 2014, an improvement from the 5.4% growth in 2013. In Ho Chi Minh City (HCMC), the improved economic conditions and infrastructure development helped boost buyers' confidence, which in turn helped recovery in the residential market. In HCMC, the office market remained steady with active leasing interests, supported by strong demand for prime office space coupled with limited new supply. The city's retail sector continued to benefit

from the influx of international brands into the market amidst limited new supply.

OPERATING REVIEW
SINGAPORE

Keppel Land sold 304 residential units in Singapore in 2014, compared with 370 units in 2013. Sales were mainly from Highline Residences located in Tiong Bahru, a heritage-rich estate which was named by Vogue Magazine as the fourth coolest neighbourhood in the world. Highline Residences sold 148 units, out of the total 500 units as at end-2014.

Keppel Land acquired a 75% stake in Array Real Estate, a retail management company with an experienced team involved in developing and managing three million square feet (sf) of retail space. This will further strengthen Keppel Land's expertise in commercial developments and at the same time, enable it to become a multi-faceted property player.

OVERSEAS

In China, market sentiments improved in the last quarter of 2014 following the relaxation of mortgage rules and cut in interest rates. Keppel Land completed a record number of 5,100 residential units in 2014 and has a healthy pipeline to meet the pent-up demand.

Keppel Land sold about 490 units in the fourth quarter, an improvement from about 360 units sold in the third quarter. For the whole year, approximately 1,900 units were sold, mostly from Central Park City in Wuxi, The Botanica in Chengdu, Stamford City in Jiangyin and The Springdale in Shanghai.

In Vietnam, Keppel Land achieved steady home sales with about 160 units sold in 2014, mainly from The Estella and Riviera Point. Following the sell-out success of The Estella, a special preview of Estella Heights, Keppel Land's second residential development

in HCMC's District 2, was organised in mid-January 2015. Response was encouraging, with 120 units sold out of the 150 units launched.

Monetisation of Assets for Recycling

In Singapore, Keppel Land divested its one-third stake in MBFC Tower 3 to Keppel REIT, a 65% stake in Equity Plaza and its entire 30% stake in two data centres. Overseas divestments included a 51% interest in Al Mada Towers, a residential project in Jeddah, Saudi Arabia and Elita Garden Vista residential development in Kolkata, India. In total, these divestments generated net proceeds of \$1 billion.

Keppel Land has also committed \$1.1 billion in investments into new and existing projects in Singapore and overseas during the year. These strategic moves reflect Keppel Land's strategy to actively prune its portfolio and thereby unlocking, recycling and investing the capital for better returns to shareholders.

SIGNIFICANT EVENTS**January**

- Mr Lim Kei Hin was appointed to the Board of Keppel REIT Management as Non-Independent Non-Executive Director.
- Keppel Land deepened its presence in Indonesia with the acquisition of a residential site in West Jakarta.

May

- Keppel REIT divested its interest in Prudential Tower for \$512 million.

June

- Keppel Land and Alpha divested their interests in Equity Plaza.

July

- Mr Chan Hon Chew was appointed to the Keppel Land Board with effect from 1 July 2014.
- Keppel Land entered into an agreement with Tien Phuoc Co Ltd to acquire an additional 43% stake in Estella Heights.
- Keppel Land partnered Macklowe Properties for a prime residential development in New York City.



Operating &
Financial Review

PROPERTY



01

Scaling Up Presence in Key Markets

Keppel Land continues to deepen its presence in key markets in Asia. It acquired a second residential site in West Jakarta, Indonesia in early 2015. The 4.6-ha site is located close to West Vista, Keppel Land's latest high-rise condominium development in Indonesia. With these two projects in place, Keppel Land is in a strong position to tap on the city's growing demand for well-planned residential developments.

As part of its strategy to invest opportunistically in key global cities with good growth potential, Keppel Land acquired a residential cum retail development in Manhattan, New York in July 2014. The Manhattan project will be managed by Alpha. More than an example of dexterity in seizing opportunities for higher returns, it also showcases how the collective strength of Keppel's business units can be harnessed for more value and growth.

**Expanding Overseas
Commercial Presence**

Leveraging its expertise in mixed-use developments, Keppel Land is developing several new prime commercial projects overseas.

In Myanmar, Keppel Land has acquired a 40% stake in a Grade A office development in Yangon's CBD. At Saigon Centre Phase 2 in HCMC, a Grade A office tower will be developed in addition to the retail podium which will house Takashimaya's flagship store in Vietnam. Keppel Land is also redeveloping International Financial Centre Jakarta Tower 1 in Indonesia and expanding the SM-KL project in Ortigas, Manila with an office and retail development under Phase 2.

Upon completion, these projects will be transformed into higher yielding investments for the Group.

Growing Fund Management

Both Keppel REIT and Alpha continue to proactively manage their portfolios and funds through selective acquisitions and divestments. Keppel REIT's acquisition of a one-third stake in MBFC Tower 3 and



divestment of its 92.8% interest in Prudential Tower have strengthened its position as the leading landlord of Grade A offices in Singapore's business and financial districts.

Alpha Asia Macro Trends Fund II, a fund managed by Alpha, acquired International Capital Plaza in Shanghai, YG Tower and Olive Tower in Seoul as well as a site for the development of luxury apartments in Taipei. Alpha's other funds divested a total of five properties in Singapore and Japan during the year.

The fund management business will continue to feature strongly in the Group's capital recycling strategy for matured projects, while providing stable income streams over the long term.

BUSINESS OUTLOOK

SINGAPORE

2015 is expected to be another challenging year. Global growth will be affected by uncertain economic prospects in the Eurozone and Japan. Despite the global headwinds, the Singapore economy is expected to expand by 2-4% in 2015. As the government is unlikely to lift the property cooling measures soon, the residential market is expected to stay subdued.

Conversely, the Grade A office market is expected to enjoy robust rental growth in 2015 on limited new supply (0.7 million sf compared to 2.5 million sf in 2014).

01

Alpha Asia Macro Trends Fund II continues to make strategic acquisitions such as Olive Tower in Seoul.

02

Leveraging on its expertise in mixed-use developments, Keppel Land is developing prime commercial projects overseas such as Saigon Centre, in Ho Chi Minh City.

SIGNIFICANT EVENTS

September

- Keppel REIT entered into an agreement with Bayfront Development Pte Ltd to acquire a one-third interest in MBFC Tower 3.
- Keppel Land entered into an agreement to sell its 80% effective shareholding in BG Junction to Silverise Enterprise Ltd and PT Pelangi Arjuna.
- Keppel REIT completed the sale of its interest in Prudential Tower.

October

- Keppel Land embarked on developing an office tower and expanding the retail space in a mixed-use development in Manila.
- Keppel Land announced the redevelopment of International Financial Centre Jakarta Tower 1.
- Keppel Land announced the divestment of its 51% interest in Al Mada Towers in Jeddah, Saudi Arabia.

November

- Keppel Land announced the proposed divestment of its 30% interest in the data centres S25 and T25 to Keppel DC REIT.

December

- Keppel Land acquired a 40% stake in a Grade A office tower in Yangon.
- Keppel Land acquired a 75% stake in retail management company Array Real Estate.

Operating & Financial Review

PROPERTY

01

Ocean Financial Centre, a building 99.9% owned by Keppel REIT, continues to provide strong rental income with full committed occupancy as at end-2013.

02

As China's first National Green Development Demonstration Zone, the Sino-Singapore Tianjin Eco-City is a role model for the country's urbanisation plans.

Keppel Land will continue to exercise discipline, monitor the markets closely and time its new residential launches to ride on the market recovery in Asia.



OVERSEAS

Economic growth, rising urbanisation and a growing middle-class population will continue to drive demand for quality homes and prime commercial space in Asia. Growth in China's GDP is expected to slow about to 7% in 2015. Nevertheless, policy easing in China is expected to translate into a gradual recovery for the residential market.

In Vietnam, as part of the government's efforts to overhaul the financial system, banks have been increasing lending and that has helped to stimulate the economy. Coupled with the new foreign property ownership law,

which will be effective from 1 July 2015, Vietnam's housing market is expected to improve. This should translate into a healthy boost in demand for our Vietnam properties.

In Indonesia, demand for apartments in Jakarta remains healthy with a growing middle class and the increasing preference for condominiums given the higher price of landed homes.

Keppel Land will continue to exercise discipline, monitor the markets closely and time its new residential launches to ride on the market recovery in Asia.

FUND MANAGEMENT

Keppel REIT is expected to see healthy rental reversions for its quality portfolio of buildings in prime CBD locations. Alpha will continue to actively manage its funds and seek out potential acquisition and divestment opportunities. Building on its leading position in Asia, it will explore new initiatives and products to enhance returns to its investors.

Capitalising on its strong-cash, low-debt position, Keppel Land will continue to seek out new investments as well as look into its existing property portfolio for growth opportunities.

SINO-SINGAPORE TIANJIN ECO-CITY

The Sino-Singapore Tianjin Eco-City (Sino-Singapore Eco-City) is home to about 20,000 residents and has attracted around 1,400 registered companies. In 2014, 478 new companies registered in the Sino-Singapore Eco-City, with registered capital of RMB12.1 billion. Notably, four new schools were opened in 2014, bringing the total number of students in the city to over 2,300. In addition, survey works have started on the Z4 line, a key light rail link connecting the Sino-Singapore Eco-City to the rest of Tianjin Binhai New Area, and construction is scheduled to begin in 2015.

Keppel leads the Singapore consortium, and works in tandem with its Chinese partner to guide our 50-50 joint venture – the Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. (SSTEC) in its role as the master developer of the Sino-Singapore Eco-City.

During the year, more than 4,000 homes were sold in the Sino-Singapore Eco-City, of which 1,731 were from projects under SSTEC.

In October 2014, the removal of home-purchase restrictions and relaxation of mortgage policies gave a significant boost to home sales.

Top leaders including China's Minister of Housing and Urban-Rural Development Chen Zhenggao and Singapore's Minister in the Prime Minister's Office and Second Minister for Foreign Affairs and the Environment and Water Resources, Grace Fu visited the Sino-Singapore Eco-City in 2014 and recognised the project's progress and achievements. Significantly, China's State Council approved the implementation plan for it to be China's first National Green Development Demonstration Zone. The development was also named a "National Green Building Base" by the China Green Building Council in 2014.

CONTRIBUTING TOWARDS SUSTAINABLE DEVELOPMENT

Keppel continued to invest and participate in the growth of the Sino-Singapore Eco-City through its various business units. As at end January 2015, about 92% of 1,363 launched units in Keppel's Seasons Park have been sold. Seasons Garden, comprising 1,190 apartments, has

sold 26% of 128 launched units as at end-January 2015. Waterfront Residence, which comprises 341 low-rise homes, will launch its first phase in 2015.

Meanwhile, Phase 1 of Seasons City, a mixed-use development, is targeted for completion in 2017.

Keppel Telecommunications & Transportation has completed construction of its logistics distribution centre in the Eco-Industrial Park while Keppel Infrastructure's water reclamation plant will start commercial operations in 2015. In the Eco-Business Park, Keppel's district heating and cooling system plant has been operating well since 2013, and is able to maximise the utilisation of geothermal energy. The plant is also pursuing the possibility of tapping on waste heat to further improve the heating production efficiency.

During the year, Keppel Offshore & Marine signed a Memorandum of Understanding to set up a technology centre in the Sino-Singapore Eco-City.

02



INVESTMENTS

We are focused on delivering value to shareholders and seeking growth opportunities.

PROFIT BEFORE TAX

\$55m

as compared to FY 2013's \$80 million.

NET PROFIT

\$43m

as compared to FY 2013's \$54 million.

MAJOR DEVELOPMENTS IN 2014

k1 Ventures completed the sale of Long Haul Holding Corp (Helm) and distributed total dividends of 7.5 cents per share in 2014.

KrisEnergy grew its portfolio to 19 contract areas in Southeast Asia, 12 of which are operated by the company.

M1 launched a nationwide 300Mbps 4G network, and introduced a fibre cloud-based data centre with enhanced offerings to enterprise customers.

FOCUS FOR 2015/2016

k1 Ventures will manage its investment portfolio to create shareholder value and distribute excess cash as and when its investments are monetised.

KrisEnergy will focus on executing its planned development projects, maximising production efficiencies and controlling capital expenditure.

M1 will focus on delivering better user experience to further increase market competitiveness.

EARNINGS REVIEW

Pre-tax earnings from the Investments Division decreased by \$25 million or 31% to \$55 million for the year due mainly to higher overheads. This was partly offset by profit from disposal of investments and write-back of impairment of investments. Net profit was \$43 million for FY 2014, compared to \$54 million for the previous year.

K1 VENTURES

k1 Ventures (k1) is an investment company with interests in education and financial services.

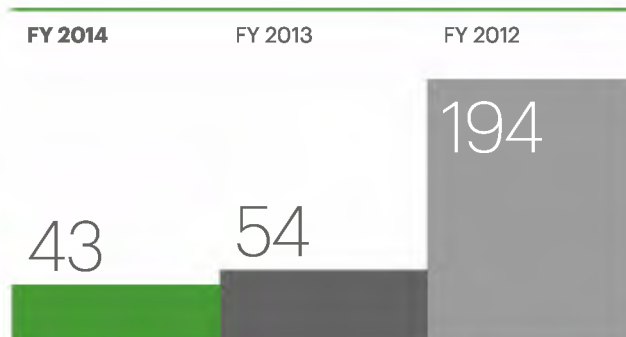
For the financial year ended 30 June 2014, k1 reported revenue from continuing operations of \$32 million, a decrease of \$64 million compared to the prior year. This was due to the absence of divestment gains from McMoRan Exploration Company in FY2013, and a decrease in investment income from Knowledge Universe Holdings LLC.

Operating profit from continuing operations was \$26 million compared to \$65 million in the prior year. EBITDA from continuing operations of \$26 million was \$40 million below the prior year as a result of lower investment income. Net profit from continuing operations attributable to shareholders was \$20 million compared to \$52 million in the prior year.

For FY 2014, k1 paid total dividends of 7.5 cents per share to shareholders, increasing cumulative distributions to shareholders to 33.8 cents per share or more than \$700 million since 2005.

In December 2014, TPG Capital's Newbridge Asia Advisors IV sold all of its economic interests in China Grand Automotive Services Co Ltd (China Grand Auto), including k1's entire interest in China Grand Auto. The proceeds of approximately US\$32 million received from the sale will be distributed to shareholders as an interim dividend of 1.5 cents per share on 12 February 2015.

k1's investment in Guggenheim Capital continued to perform as expected,

NET PROFIT (\$ million)**EARNINGS HIGHLIGHTS (\$ million)**

	2014	2013	2012
Revenue	64	27	152
EBITDA	17	25	134
Operating Profit	16	25	133
Profit before Tax	55	80	196
Net Profit	43	54	194
Manpower (Number)	183	198	170
Manpower Cost	135	93	95

01

KrisEnergy has 19 oil and gas assets in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam as at end-2014.



with a delivery of a 7% annual dividend from the Preferred Units.

In December 2014, Knowledge Universe Education, a subsidiary of Knowledge Universe Holdings, completed the sale of its international platforms including its early childhood education business and the Canadian International School in Singapore.

KRISENERGY

2014 marked a step change for KrisEnergy Ltd, a Singapore-listed independent Exploration and Production (E&P) operator in the upstream oil and gas industry. During the year, KrisEnergy expanded its portfolio of operated assets, made advances in several oil and gas development projects, and reported

Operating & Financial Review

INVESTMENTS

strong growth in its production and proved plus probable (2P) reserves.

Average net production increased 161% to 7,612 barrels of oil equivalent per day (boepd) as a result of a full-year's contribution from the Bangora gas field in Block 9 onshore Bangladesh, which accounted for 5,477 boepd. The B8/32 and B9A oil and gas fields in the Gulf of Thailand produced an average of 2,134 boepd net to the company in 2014.

Improved reservoir performance at the Bangora field also partly contributed to a 120% uplift in KrisEnergy's 2P reserves to 71.0 million barrels of oil equivalent (mmboe) as at 31 December 2014. Other additions stemmed from the conversion of best estimate contingent (2C) resources to 2P reserves associated with the Wassana oil discovery in Block G10/48 in the Gulf of Thailand and the Lengo gas accumulation in the Bulu production sharing contract (PSC) offshore East Java, Indonesia.

KrisEnergy increased its working interest in G10/48 to 100% from 25% in May 2014 and took over operatorship of this block, which contains three oil discoveries including Wassana. Presently under development, the Wassana project accounted for 13.6 mmboe of the increase in KrisEnergy's 2P reserves. The field is expected to commence operations in 2H 2015, with production reaching a plateau of about 10,000 barrels of oil per day.

The Lengo gas field in the Bulu PSC accounted for 25.4 mmboe of the growth in 2P reserves, following the approval of the development plan by the Indonesian authorities in December 2014. The development comprises an initial four producing wells, an unmanned wellhead platform and a 65km pipeline to transport the gas to shore. The production of the Lengo gas field is expected to start in 2017.

PORTFOLIO GROWTH

KrisEnergy's other acquisitions in 2014 included a 41.7% non-operated working interest in Block A Aceh

onshore Sumatra, Indonesia. The field contains three gas discoveries with an approved development plan and associated 2C resources of 30.4 mmboe.

The company acquired an additional 30% working interest in Cambodia Block A in the Gulf of Thailand and took over as operator. It is now negotiating with the Cambodian authorities over the development of the Apsara oil field.

During the year, KrisEnergy received direct government awards for projects which it operates such as the Sakti PSC offshore East Java and Block 115/09 offshore north-central Vietnam. It also took a 45% non-operated working interest in the SS-11 exploration acreage offshore Bangladesh.

The company's portfolio comprised 19 contract areas at the end of 2014 in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. It operates 12 of the blocks, which contain a combination of exploration and appraisal targets, development projects and producing fields.

BUSINESS OUTLOOK

The precipitous fall in global benchmark oil prices since June 2014 to under US\$50 a barrel has been sorely felt throughout the E&P, oil services and marine industries across all geographies.

Despite the turbulence in the oil markets, KrisEnergy's strategy of portfolio diversification across a wide range of fiscal and regulatory regimes, and its business expansion within the oil and gas industry, provides some cushion against the lower oil prices.

KrisEnergy's 2014 production profile was 18% oil versus 82% gas, where gas sales in Asia are under long-term contract at either a fixed price as in the case of Bangladesh or adjusted every six months as in Thailand.

The company remains on track to execute all its planned development projects starting with the Nong Yao and Wassana oil fields in the Gulf of Thailand in 2H 2015, followed by two gas fields



in Indonesia in 2017. With limited near-term exploration obligations under its concessions, KrisEnergy is able to adjust its work programme to maximise production efficiencies and control capital expenditure. It will also explore possible cost savings without compromising its operations and health and safety standards.

M1

As at end-2014, M1's mobile customer base was 1.85 million. Its postpaid customer base grew 19,000 to 1.15 million, with the number of customers on tiered data plans increasing to 66%, from 49% a year ago. The prepaid segment was impacted by a regulatory change in April 2014 that reduced the number of pre-paid SIM cards per customer from ten to three, and as a result, M1's prepaid customer base decreased to 703,000. Fibre customer base increased by 18,000 to 103,000, driven by M1's attractive fibre broadband plans and upgraded service offerings.

During the year, M1 continued to enhance the customer experience through the introduction of faster networks, including the launch of Singapore's first nationwide 300Mbps LTE-Advanced network. Corporate customers were able to enjoy the benefits of fibre services through M1's attractively priced 500Mbps and 1Gbps plans, and all new 10Gbps service, the fastest fibre service on the Next Generation Nationwide Broadband Network (NGNBN) that was made available in May 2014 to cater to corporate customers with high-bandwidth needs such as banks and cloud-service providers. M1 also launched a new state-of-the-art data centre in October 2014, alongside a suite of attractive cloud-based solutions, further broadening its proposition to the corporate segment.

Based on current economic outlook and barring unforeseen circumstances, M1 estimates moderate growth in net profit after tax for 2015.

01

M1 has partnered operators globally to provide its customers coverage and roaming services in over 230 countries and territories.

**FINANCIAL
REVIEW &
OUTLOOK**

We will build on our core strengths in execution excellence, technology innovation as well as financial discipline to sustain value creation.

TOTAL ASSETS

\$31.6b

Mainly due to higher working capital for the Offshore & Marine and Property divisions.

TOTAL CASH DIVIDEND PER SHARE

48cts

Total cash dividend for the year was about \$870 million.

PROSPECTS

The fall in oil prices, the expected reduction in global oil and gas upstream spending and the projected oversupply of oil rigs has created a challenging environment. The Offshore & Marine (O&M) Division secured \$5.5 billion of orders for the year, bringing its net order book at the end of 2014 to \$12.5 billion with deliveries extending into 2019. The healthy order book will keep the yards busy for 2015 and 2016. The global consumption of energy is projected to grow and is expected to sustain the oil and gas business. The O&M Division will continue to leverage technology and innovation to improve its competitive edge as well as productivity and efficiency. It will focus on expanding its *Near Market, Near Customer* strategy.

In the Infrastructure Division, Keppel Infrastructure (KI) will remain focused on its power and gas, as well as its other energy-related infrastructure businesses. KI's planned disposal of its 51% stake in the Keppel Merlimau Cogen Pte Ltd, which owns the 1,300 MW co-generation plant, to Keppel Infrastructure Trust (KIT) will unlock capital and position it to

capture new growth opportunities. Keen competition is likely to persist in the electricity market but KI's integrated gas-to-power business platform will enable it to weather the challenges ahead. Keppel Telecommunications & Transportation (Keppel T&T) will continue to develop both logistics and data centre businesses locally and overseas. It will also focus on growing a pipeline of quality data centre assets for injection into the newly-listed Keppel DC REIT.

During the year, the Property Division sold about 300 homes in Singapore and 2,100 homes overseas. Total assets under management by Keppel REIT and Alpha stood at \$18.7 billion as at end-2014. The Division will continue to maintain its presence in its core and growth markets while seeking to invest opportunistically. It also seeks to strengthen its commercial portfolio overseas.

The Group will continue to execute its multi-business strategy, building on its core strengths and strong foundations, while staying agile to seize new opportunities.

SHAREHOLDER RETURNS

Despite higher net profits, Return on Equity (ROE) was lower at 18.8% for 2014 due mainly to higher equity.

The Company will be distributing a total cash dividend of 48 cents per share for 2014 comprising a final proposed cash dividend of 36 cents per share and the interim cash dividend of 12 cents per share distributed in 3Q 2014. Total cash dividend for 2014 represents 46% of Group net profit. On a per share basis, it translates into a gross yield of 5.4% on the Company's last transacted share price of \$8.85 as at 31 December 2014. Over the past six years, total distribution payout represents 40% to 83% of Group net profit.

ECONOMIC VALUE ADDED (EVA)

In 2014, EVA rose by \$636 million to \$1,778 million. This was attributable to

higher operating profit, partially offset by higher capital charge.

The increase in operating profit was due to better operating results from the Offshore & Marine and Infrastructure Divisions, as well as divestment gains from investment properties and data centre assets.

Capital charge increased by \$36 million as a result of higher Weighted Average Cost of Capital (WACC) and higher Average EVA Capital, partially offset by the adjustment for surplus cash. WACC increased from 6.00% to 6.45% mainly due to an increase in risk-free rate and pre-tax cost of debt. Average EVA Capital increased by \$297 million from \$18.93 billion to \$19.23 billion.

The Group registered positive EVA since 2004, which reflects the Group's

commitment to maximise shareholders' value through effective and efficient management of resources.

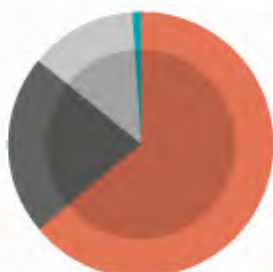
FINANCIAL POSITION

Group shareholders' funds increased from \$9.70 billion at 31 December 2013 to \$10.38 billion at 31 December 2014. The increase was mainly attributable to the retained profits for 2014, partially offset by payment of final dividend of 30 cents per share for FY 2013 and tax-exempt one-tier interim dividend of 12 cents per share for 1H 2014, fair value loss on available-for-sale assets and cash flow hedges, and share buybacks during the year.

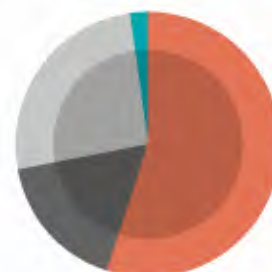
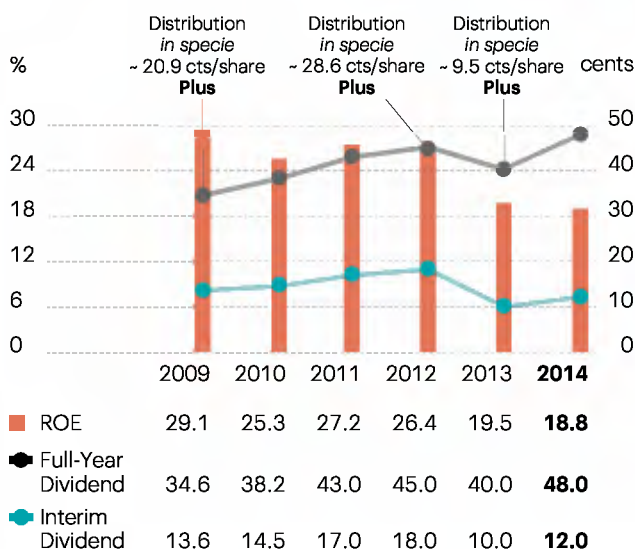
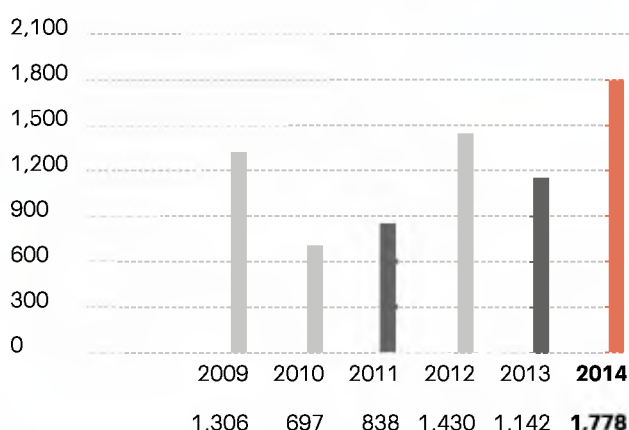
Group total assets of \$31.55 billion at 31 December 2014 was \$1.50 billion or 5% higher than the previous year end. Increase in current assets was partially offset by decrease in non-current assets.

REVENUE BY SEGMENTS 2014

	%
Offshore & Marine	64
Infrastructure	22
Property	13
Investments	1
Total	100

**NET PROFIT BY SEGMENTS 2014**

	%
Offshore & Marine	55
Infrastructure	17
Property	26
Investments	2
Total	100

**ROE & DIVIDEND****EVA (\$ million)**

Operating &
Financial Review

FINANCIAL REVIEW & OUTLOOK

EVA

	2014 \$ million	14 vs 13 + / (-)	2013 \$ million	13 vs 12 + / (-)	2012 \$ million
Profit after tax (Note 1)	2,769	+794	1,975	-278	2,253
Adjustment for:					
Interest expense	133	-31	164	-16	180
Interest expense on non-capitalised leases	23	+7	16	-	16
Tax effect on interest expense adjustments (Note 2)	(27)	-2	(25)	+4	(29)
Provisions, deferred tax, amortisation & other adjustments	52	-96	148	+125	23
Net Operating Profit After Tax (NOPAT)	2,950	+672	2,278	-165	2,443
Average EVA Capital Employed (Note 3)	19,231	+297	18,934	+2,223	16,711
Weighted Average Cost of Capital (Note 4)	6.45%	+0.45%	6.00%	-0.06%	6.06%
Adjustment for surplus cash (Note 5)	68	68	-	-	-
Capital Charge	(1,172)	-36	(1,136)	-123	(1,013)
Economic Value Added	1,778	+636	1,142	-288	1,430

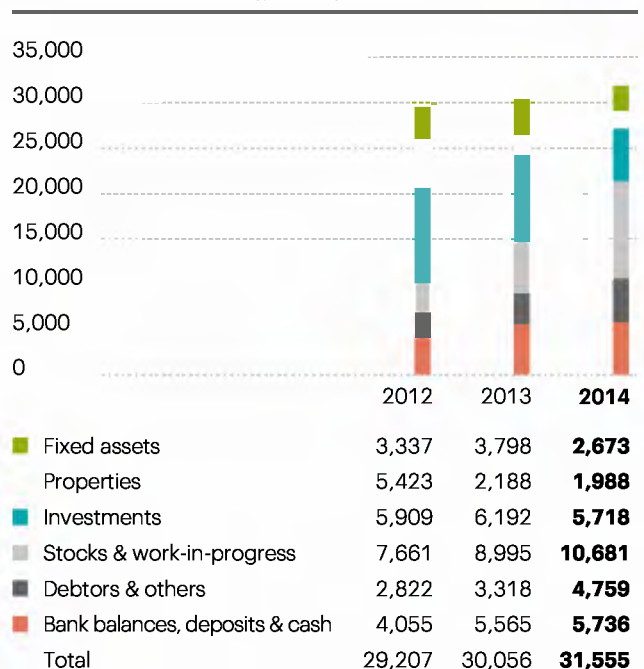
Notes:

- Profit after tax excludes net revaluation gain on investment properties.
- The reported current tax is adjusted for statutory tax impact on interest expenses.
- Average EVA Capital Employed is derived from the quarterly averages of net assets, interest-bearing liabilities, timing provisions, present value of operating leases and other adjustments.
- Weighted Average Cost of Capital is calculated in accordance with the Keppel Group EVA Policy as follows:
 - Cost of Equity using Capital Asset Pricing Model with market risk premium set at 5.5% (2013: 6.0%);
 - Risk-free rate of 2.45% (2013: 1.32%) based on yield-to-maturity of Singapore Government 10-year Bonds;
 - Unlevered beta at 0.83 (2013: 0.83); and
 - Pre-tax Cost of Debt at 1.58% (2013: 0.89%) using 5-year Singapore Dollar Swap Offer Rate plus 45 basis points (2013: 80 basis points).
- For FY 2014, capital charge on surplus cash of \$1,939 million was at the concession rate of 2.93% instead of WACC of 6.45%. This was due to the accumulation of surplus cash resulting from the advanced borrowing programme.

Higher current assets were mainly due to reclassification of the Keppel Merlimau Cogen power plant from fixed assets to assets classified as held for sale, higher stocks and work-in-progress for the O&M Division, acquisitions of development sites and expenditure incurred for development projects for the Property Division, and higher debtors arising from the O&M and Property divisions. The increase in current assets was partially offset by repayment of advances due from associated companies.

Lower non-current assets were due mainly to decreases in fixed assets, investment properties and associated companies. Lower fixed assets were largely due to reclassification of the Keppel Merlimau Cogen power plant to assets classified as held for sale, sale of data centre assets by the Infrastructure Division, partly offset by construction of logistics warehouses and other operational capital expenditure. Lower investment properties were mainly due to the sale of Equity Plaza.

TOTAL ASSETS OWNED (\$ million)

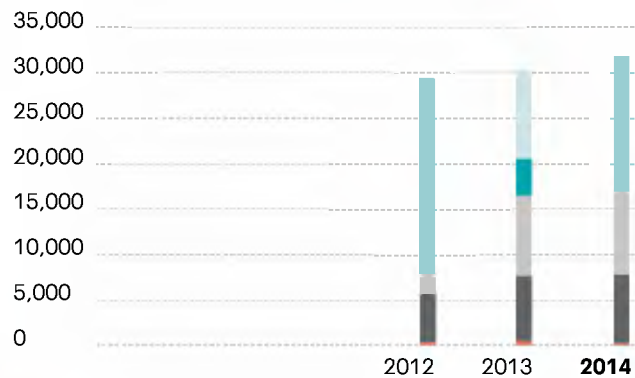


Lower associated companies were mainly from dividends received from associated companies and sale of Marina Bay Financial Centre (MBFC) Tower 3, partly offset by share of the associated companies' profits.

Group total liabilities of \$16.83 billion at 31 December 2014 were \$0.46 billion or 3% above that as at 31 December 2013. This was due mainly to higher borrowings taken up for working capital requirements, increase in creditors from higher billings by suppliers offset by lower billings on work-in-progress in excess of related costs in the O&M and Infrastructure Divisions.

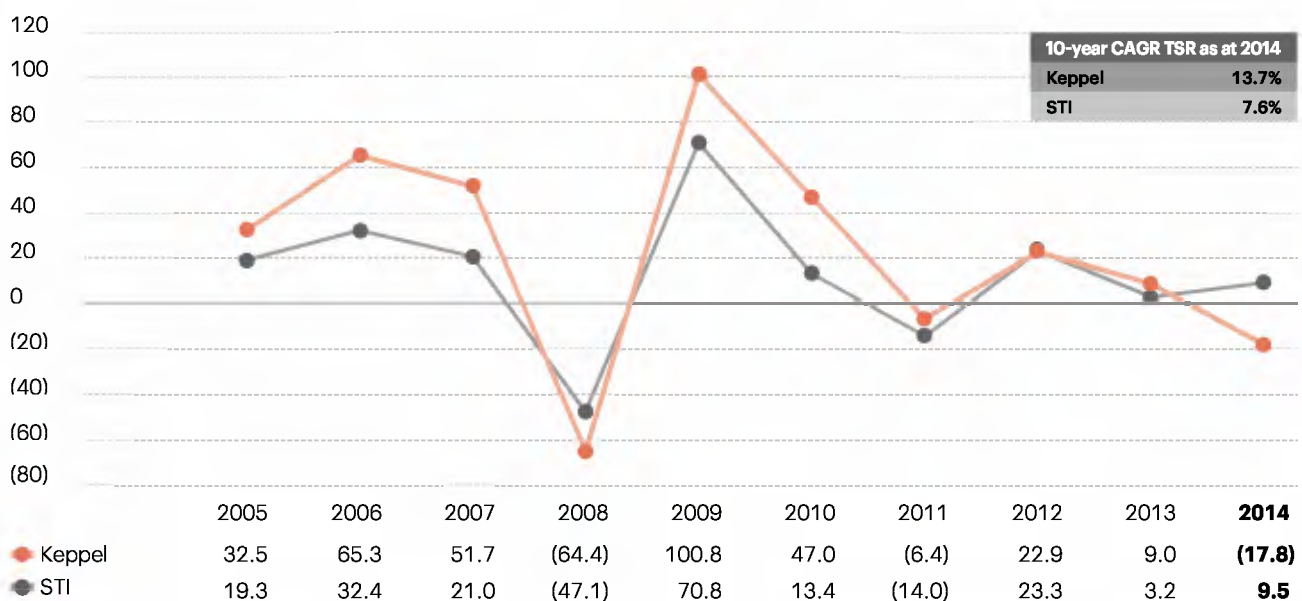
Group net debt of \$1.65 billion is \$0.11 billion higher than that as at 31 December 2013 due mainly to borrowings for land acquisition in the Property Division, dividend payments (by the Company and its listed subsidiaries) and other operational and capital expenditure requirements. The higher debts were partly offset by net proceeds from disposals of Equity Plaza, MBFC Tower 3, data centre assets and Keppel FMO Pte Ltd, and repayment of advances due from associated companies.

TOTAL LIABILITIES OWED & CAPITAL INVESTED (\$ million)



Shareholders' funds	9,246	9,701	10,381
Non-controlling interests	4,332	3,988	4,347
Creditors	8,059	8,825	9,178
Term loans & bank overdrafts	7,208	7,100	7,383
Other liabilities	362	442	266
Total	29,207	30,056	31,555

TOTAL SHAREHOLDER RETURN (%)



Source: Bloomberg

Operating & Financial Review

FINANCIAL REVIEW & OUTLOOK

TOTAL SHAREHOLDER RETURN (TSR)

Keppel is committed to deliver value to shareholders through earnings growth. Towards achieving this, the Group will rely on its multi-business strategy and its core strengths, build on what it had done successfully and seize new opportunities when they arise.

Our 2014 TSR of negative 17.8% was 27.3 percentage points below the benchmark Straits Times Index's (STI) TSR of positive 9.5%. This was mainly due to a decrease in Keppel's share price as at end-2014 arising from the sharp decline in oil prices. However, the Company's Compounded Annual Growth Rate (CAGR) TSR over the past ten years of 13.7% was higher than STI's CAGR TSR of 7.6%.

CASH FLOW

To better reflect its operational free cash flow, the Group has excluded expansionary acquisitions (e.g. investment properties) and capital expenditure (e.g. building of new logistics or data centre facilities), meant for long-term growth for the Group, and major divestments.

Net cash from operating activities dropped by 99% to \$5 million for 2014 as compared to \$637 million for 2013. This was due mainly to higher working

capital requirements from the Offshore & Marine and Property divisions.

After excluding expansionary acquisitions, capital expenditure and major divestments, net cash from investment activities was \$724 million. The Group spent \$662 million on investments and operational capital expenditure, mainly for the Offshore & Marine Division. After taking into account the proceeds from divestments and dividend income of \$1,386 million, the free cash inflow was \$729 million.

Total distribution to shareholders of the Company and non-controlling shareholders of subsidiaries for the year amounted to \$1,029 million.

FINANCIAL RISK MANAGEMENT

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines.

These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the

operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

The Group's financial risk management is discussed in more detail in the notes to the financial statements. In summary:

- The Group has receivables and payables denominated in foreign currencies viz US dollars, European and other Asian currencies. Foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against Singapore dollar, which is the Group's measurement currency. The Group utilises forward foreign currency contracts to hedge its exposure to specific currency risks relating to receivables and payables. The bulk of these forward foreign currency contracts are entered into to hedge any excess US dollars arising from the Offshore & Marine contracts based on the expected timing of receipts. The Group does not engage in foreign currency trading.
- The Group hedges against price fluctuations arising on purchase of natural gas. Exposure is managed via fuel oil forward contracts, whereby

FREE CASH FLOW

	2014 \$ million	14 vs 13 +/(−)	2013 \$ million	13 vs 12 +/(−)	2012 \$ million
Operating profit	2,373	+239	2,134	-487	2,621
Depreciation, amortisation & other non-cash items	(261)	-47	(214)	-233	19
Cash flow provided by operations before changes in working capital	2,112	+192	1,920	-720	2,640
Working capital changes	(1,779)	-1,056	(723)	+720	(1,443)
Interest receipt and payment & tax paid	(328)	+232	(560)	-374	(186)
Net cash from operating activities	5	-632	637	-374	1,011
Investments & capital expenditure	(662)	-173	(489)	+85	(574)
Divestments & dividend income	1,386	+880	506	+313	193
Net cash from investing activities	724	+707	17	+398	(381)
Free Cash Flow*	729	+75	654	+24	630

* Free cash flow excludes expansionary acquisitions & capex, and major divestments.

Dividend paid to shareholders of the Company & subsidiaries	(1,029)	-186	(843)	+158	(1,001)
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the price of natural gas is indexed to a benchmark fuel price indices, High Sulphur Fuel Oil (HSFO) 180-CST and Dated Brent.

- The Group maintains a mix of fixed and variable rate debt/loan instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks. This may include interest rate swaps and interest rate caps.
- The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.
- The Group adopts stringent procedures on extending credit terms to customers and the monitoring of credit risk.

BORROWINGS

The Group borrows from local and foreign banks in the form of short-term and long-term loans, project loans and bonds. Total Group borrowings as at the end of 2014 was \$7.4 billion (2013: \$7.1 billion and 2012: \$7.2 billion). At the end of 2014, 24% (2013: 7% and 2012: 14%) of Group borrowings were repayable within one year with the balance largely repayable more than three years later.

Unsecured borrowings constituted 86% (2013: 87% and 2012: 81%) of total borrowings with the balance secured by properties and other assets. Secured borrowings are mainly for financing of investment properties and project finance loans for property development projects. The net book

value of properties and assets pledged/mortgaged to financial institutions amounted to \$2.70 billion (2013: \$2.90 billion and 2012: \$3.10 billion).

Fixed rate borrowings constituted 66% (2013: 53% and 2012: 57%) of total borrowings with the balance at floating rates. The Group has interest rate swap agreements with notional amount totaling \$1,138 million whereby it receives variable rates equal to SIBOR and LIBOR and pays fixed rates of between 1.27% and 3.62% on the notional amount. Details of these derivative instruments are disclosed in the notes to the financial statements.

Singapore dollar borrowings represented 65% (2013: 67% and 2012: 82%) of total borrowings. The balances were mainly in US dollars, Renminbi and other Asian currencies. Foreign currency borrowings were drawn to hedge against the Group's overseas investments and receivables, which were denominated in foreign currencies.

Weighted average tenor of the loan book was around five years at the beginning and end of 2014 with a slight decrease in average cost of funds.

CAPITAL STRUCTURE & FINANCIAL RESOURCES

The Group maintains a strong balance sheet and an efficient capital structure to maximise return for shareholders. The strong operational cash flow of the Group and divestment proceeds from low yielding and non-core assets will provide resources to grow the Group's businesses.

Every new investment will have to satisfy strict criteria for best risk-adjusted return on investment, cash flow generation, EVA creation and risk management. New investments will be structured with an appropriate mix of equity and debt after careful evaluation and management of risks.

CAPITAL STRUCTURE

Capital employed at the end of 2014 was \$14.73 billion as compared to \$13.69 billion as at end 2013 and \$13.58 billion as at end 2012. The Group was in a net debt position of \$1,647 million as at end of 2014, which was slightly above the \$1,535 million as at end of 2013 and an improvement from the net debt position of \$3,153 million at the end of 2012. The Group's net gearing ratio was 0.11 times at the end of 2014, same as that of end-2013.

Interest coverage was 18.52 times in 2012, decreasing to 13.89 times in 2013 and then increasing to 15.35 times in 2014. Interest coverage in 2014 was higher due to higher EBIT and lower interest costs.

Cash flow coverage dropped from 6.50 times in 2012 to 3.97 times in 2013 and 1.11 times in 2014. This was mainly due to lower operating cash flows in 2014.

At the Annual General Meeting in 2014, shareholders gave their approval for mandate to buy back shares. During the year, 5,932,000 shares were bought back and held as treasury shares. There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the year.

DEBT MATURITY (\$ million)

< 1 year		1,796 (24%)
1 - 2 years		137 (2%)
2 - 3 years		951 (13%)
3 - 4 years		1,412 (19%)
4 - 5 years		897 (12%)
> 5 years		2,190 (30%)

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FINANCIAL REVIEW & OUTLOOK

FINANCIAL RESOURCES

The Group continues to be able to tap into the debt capital market at competitive terms.

As part of its liquidity management, the Group has built up adequate cash reserves and short-term marketable securities as well as sufficient undrawn banking facilities and capital market programme. Funding of working capital requirements, capital expenditure and investment needs was made through a mix of short-term money market borrowings and medium/long-term loans and bonds and through the equity capital market.

The Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time. Cash flow, debt maturity profile and overall liquidity position is actively reviewed on an ongoing basis.

As at end of 2014, total funds available and unutilised facilities amounted to \$11.02 billion (2013: \$9.40 billion).

CRITICAL ACCOUNTING POLICIES

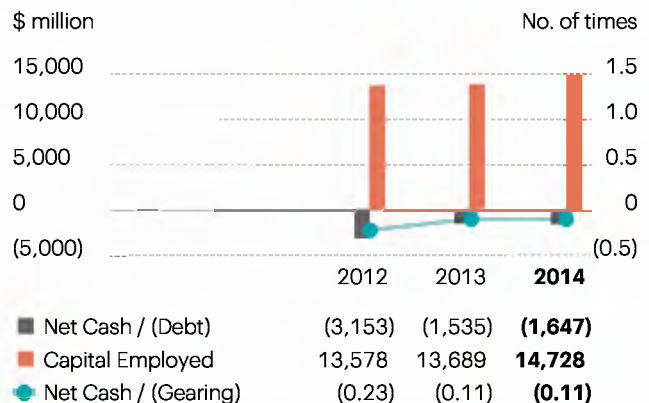
The Group's significant accounting policies are discussed in more detail in the notes to the financial statements. The preparation of financial statements requires management to exercise its judgment in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. Critical accounting estimates and judgment are described below.

IMPAIRMENT OF LOANS AND RECEIVABLES

The Group assesses at each balance sheet date whether there is any objective evidence that a loan and receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade, intercompany and other receivables are disclosed in the balance sheet. As at 31 December 2014, the Group had credit risk exposure to an external group of companies for receivables that are past due. Management had considered any changes in the credit quality of the debtors when determining the allowance for doubtful

NET CASH/(GEARING)

$$\text{Net Gearing} = \frac{\text{Borrowings} - \text{Cash}}{\text{Capital Employed}}$$



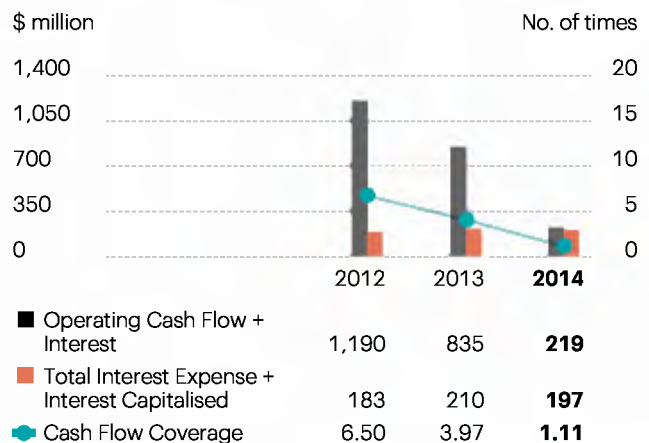
INTEREST COVERAGE

$$\text{Interest Coverage} = \frac{\text{EBIT}}{\text{Interest Cost}}$$



CASH FLOW COVERAGE

$$\text{Cash Flow Coverage} = \frac{\text{Operating Cash Flow} + \text{Interest Cost}}{\text{Interest Cost}}$$



receivables. Management performs ongoing assessments on the ability of its debtors to repay the amounts owing to the Group. These assessments include the review of the customers' credit-standing and the ability of customers to secure long-term financing for the ongoing projects. Management had assessed that no allowance for doubtful debt is required.

IMPAIRMENT OF AVAILABLE-FOR-SALE INVESTMENTS

The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The fair values of available-for-sale investments are disclosed in the balance sheet.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investment properties and intangibles are disclosed in the balance sheet.

REVENUE RECOGNITION

The Group recognises contract revenue based on the percentage of completion method. The stage of completion is measured in accordance

with the accounting policy stated in Note 2(q) of the financial statements. Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 24 of the financial statements.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

INCOME TAXES

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

CLAIMS, LITIGATIONS AND REVIEWS

The Group entered into various contracts with third parties in its

ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgment as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

CONTROL OVER KEPPEL REIT

The Group has approximately 45% gross ownership interest of units in Keppel REIT as at 31 December 2014 and 2013. Keppel REIT is managed by Keppel REIT Management Limited (KRML), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it continues to have significant influence over Keppel REIT.

CONTROL OVER KIT

The Group has 49% gross ownership interest of units in KIT as at 31 December 2014 and 2013. Determining whether the Group has control over KIT requires management to exercise its judgment. In exercising its judgment, management considers the proportion of its voting rights and whether it can control the relevant activities of KIT. The business purpose and relevant activities of KIT are stated in the Deed of Trust which requires a special resolution to amend. In addition, the Board of Directors of KIT/Keppel Infrastructure Fund Management Pte Ltd, its trustee-manager, comprises more than 50% independent directors. Management concluded that the Group does not have sufficient dominant vesting interest to exert control over KIT and the Deed of Trust and therefore the Group only has significant influence over KIT.

FINANCIAL CAPACITY

	\$ million	Remarks
Cash at Corporate Treasury	4,016	70% of total cash of \$5.74 billion
Credit facilities extended to the Group	7,004	Credit facilities of \$9.17 billion, of which \$2.17 billion was utilised
Total	11,020	

Sustainability Report Highlights

Keppel is committed to deliver value to all our stakeholders through Sustaining Growth in our businesses, Empowering Lives of people and Nurturing Communities wherever we operate.



SUSTAINING GROWTH

PAGE 92 – 129

Our commitment to business excellence is driven by our unwavering focus on strong corporate governance and prudent risk management.

Resource efficiency is our responsibility and makes good business sense.

Innovation and delivering quality products and services sharpen our competitive edge.



EMPOWERING LIVES

PAGE 130 – 131

People are the cornerstone of our businesses.

As an employer of choice, we are committed to grow and nurture our talent pool through continuous training and development to help our people reach their full potential.

We want to instill a culture of safety so that everyone who comes to work goes home safely.



NURTURING COMMUNITIES

PAGE 132

As a global citizen, Keppel believes that as communities thrive, we thrive. We engage and nurture communities wherever we are, with the aim of achieving a sustainable future together.

As leaders in our businesses, we support industry initiatives and encourage open dialogue to promote growth.

Managing Sustainability

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We recognise sustainability as a central factor in our long-term competitiveness and are committed to be a responsible corporate citizen.

Our sustainability report will be published in July 2015. It will articulate our performance in six key focus areas: Corporate Governance and Risk Management, Environmental Performance, Product Excellence, Safety & Health, Labour Practices & Human Rights, and Community Development. This section contains a concise review of these areas and our management approaches.

MANAGEMENT STRUCTURE

Sustainability issues are managed and communicated at all levels of the Group. The Group Sustainability Steering Committee comprises senior management from across the Keppel Group and sets our sustainability strategy.

Supporting the Steering Committee is the Working Committee, consisting of six functional teams, that executes our sustainability strategy and reports our performance.

MATERIALITY ANALYSIS

To identify and prioritise the economic, environmental and social concerns of the Company and our stakeholders, we undertook a materiality analysis with an independent sustainability consultancy in 2014.

Business unit senior management and employees first completed an online survey on issues most material to their operations, before discussing and finalising these issues at workshops specific to their business units.

At the conclusion of this exercise in 2015, we will have conducted separate materiality analyses for all our business units. The results will serve as guidance for the Group's future sustainability actions and reporting processes.

STAKEHOLDER ENGAGEMENT

Recognising that business and sustainability goals are best aligned through proactive stakeholder engagement, we conducted a stakeholder consultation exercise in 2013.

Facilitated by an independent sustainability consultancy, the exercise involved a sample pool of customers, employees, government contacts, investors, analysts, suppliers and non-governmental organisations in a review of our priority areas and economic, environmental and social efforts. We have refined our existing

practices and communications in line with the feedback received.

We also address sustainability issues through our support of corporate social responsibility initiatives in areas such as manpower, workplace safety and health and environmental protection.

BEST PRACTICE REPORTING

Our sustainability reports draw on internationally-recognised standards of reporting, including the Global Reporting Initiative (GRI) 3.1 guidelines. We are preparing to report in accordance with the GRI G4 guidelines.

External assurance provides an objective evaluation of how well we report our sustainability performance. Our sustainability report will be assured externally in accordance with the AA1000 Assurance Standard 2008 and ISAE3000.



01

01

We strive to be a responsible corporate citizen, integrating sustainability into our business strategies and reaching out to communities where we operate.

Corporate Governance

The Board and management of Keppel Corporation Limited ("KCL" or the "Company") firmly believe that a genuine commitment to good corporate governance is essential to the sustainability of the Company's businesses and performance, and are pleased to confirm that the Company has adhered to the principles and guidelines of the Code of Corporate Governance 2012¹ (the "2012 Code").

The following describes the Company's corporate governance practices with specific reference to the 2012 Code.

BOARD'S CONDUCT OF AFFAIRS

Principle 1:

Effective board to lead and control the Company

Role: The principal functions of the Board are to:

- decide on matters in relation to the Group's activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- oversee the business and affairs of the Company, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- set the Company's values and standards (including ethical standards);
- oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes;
- assume responsibility for corporate governance; and
- consider sustainability issues such as environmental and social factors as part of its strategic formulation.

Independent Judgment: All directors are expected to exercise independent judgment in the best interests of the



Company. This is one of the performance criteria for the peer and self assessment on the effectiveness of the individual directors. Based on the results of the peer and self assessment carried out by the directors for FY 2014, all directors have discharged this duty consistently well.

Board Committees: To assist the Board in the discharge of its oversight function, various board committees, namely the Audit, Board Risk, Nominating, Remuneration, and Board Safety Committees, have been constituted with clear written terms of reference. All the board committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the respective board committees are disclosed in the Appendix to this report.

Meetings: The Board meets six times a year and as warranted by particular circumstances. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's Articles of Association. Further, the non-executive directors meet without the presence of management on a

need basis. The number of board, board committee, and non-executive director meetings held in FY2014, as well as the attendance of each Board member at these meetings, are disclosed in Table 1 on page 93.

If a director were unable to attend a board or board committee meeting, he or she would still receive all the papers and materials for discussion at that meeting. He or she would review them and advise the Chairman or board committee chairman of his or her views and comments on the matters to be discussed so that they may be conveyed to other members at the meeting.

Internal Limits of Authority: The Company has adopted internal guidelines setting forth matters that require board approval. Under these guidelines, (a) new investments or increase in investments, (b) acquisition and disposal of assets and (c) capital equipment purchase and/or lease, exceeding \$30 million by any Group company (not separately listed), and all commitments to term loans and lines of credit from banks and financial institutions by the Company, require the approval of the Board. Each Board member has equal responsibility to

Note:

¹ The Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012.

oversee the business and affairs of the Company. Management on the other hand is responsible for the day-to-day operation and administration of the Company in accordance with the policies and strategy set by the Board.

Director Orientation: A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as directors. All newly-appointed directors undergo a comprehensive orientation programme which includes site visits and management presentations on the Group's businesses, strategic plans and objectives.

Training: The directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, changes in the Companies

Act, continuing listing obligations and industry-related matters, so as to update and refresh them on matters that may affect or enhance their performance as board or board committee members. A training programme is also in place for directors in areas such as accounting, finance, risk governance and management, the roles and responsibilities of a director of a listed company and industry specific matters. In FY 2014, some KCL directors attended talks on topics relating to the global macro-economic development, the financial, political, and economic risks of emerging countries which the Group operates, board leadership, safety and updates on financial reporting and technical standards, among others. Directors were also updated on the obligations under the Personal Data Protection Act and the policies and processes adopted by the Company for compliance.

BOARD COMPOSITION AND SUCCESSION PLANNING

Principle 2:

Strong and independent element on the Board

Board Composition and Succession Planning: To discharge its oversight responsibilities, the Board must be an effective board which can lead and control the business of the Group. There is a process of refreshing the Board progressively over time so that the experience of longer serving directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation.

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Keppel Corporation was conferred the Silver Award for Best Managed Board (market capitalisation of \$1 billion and above) at the Singapore Corporate Awards.

TABLE 1

	Board Meetings	Board Committee Meetings					Non-Executive Directors' Meeting (without presence of management)
		Audit	Nominating	Remuneration	Safety	Risk	
Lee Boon Yang	9	-	3 out of 3	6	4	-	4
Loh Chin Hua ¹	9	-	-	-	4	-	-
Tony Chew Leong-Chee	9	6	4	-	-	-	4
Oon Kum Loon	9	6	-	6	-	4	4
Tow Heng Tan	9	-	4	6	-	3	4
Alvin Yeo Khirn Hai ²	8	5	3 out of 3	-	-	-	4
Tan Ek Kia ³	9	-	4	-	4	3 out of 3	4
Danny Teoh	8	6	-	6	-	4	4
Tan Puay Chiang	9	-	-	-	4	4	4
Till Vestring ⁴	-	-	-	-	-	-	-
Teo Soon Hoe ⁵	3 out of 3	-	-	-	-	-	-
Tong Chong Heong ⁶	2 out of 2	-	-	-	-	-	-
No. of Meetings Held	9	6	4	6	4	4	4

Notes:

¹ Mr Loh Chin Hua was appointed as a member of the Board Safety Committee with effect from 28 February 2014.

² Mr Alvin Yeo ceased to be a member of Board Risk Committee and was appointed as a member of the Nominating Committee, with effect from 23 January 2014.

³ Mr Tan Ek Kia was appointed as a member of the Board Risk Committee with effect from 23 January 2014.

⁴ Mr Till Vestring was appointed as a non-executive and independent director with effect from 16 February 2015 and will be seeking re-election at the annual general meeting.

⁵ The late Mr Teo Soon Hoe retired as Senior Executive Director of the Company with effect from 1 June 2014.

⁶ Mr Tong Chong Heong retired as Senior Executive Director of the Company and CEO of Keppel Offshore Marine Ltd with effect from 1 February 2014.

Board Independence: The Nominating Committee determines on an annual basis whether or not a director is independent bearing in mind the 2012 Code's definition of an "independent director" and guidance as to relationships the existence of which would deem a director not to be independent. The Committee carried out the review on the independence of each non-executive director in January 2015 based on the respective directors' self-declaration in the Directors' Independence Checklist and their actual performance on the Board and board committees.

In this connection, the Committee (save for Mr Alvin Yeo who abstained from deliberation in this matter) noted that Mr Alvin Yeo is Senior Partner of WongPartnership LLP which is one of the law firms providing legal services to the Keppel Group. Mr Yeo had declared to the Committee that he did not have a 10% or more stake in WongPartnership LLP and did not involve himself in the selection and appointment of legal counsels for the Group. The Committee also took into account Mr Yeo's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment, and agreed that Mr Yeo has at all times been exercising independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

The Committee (save for Mr Tan Ek Kia who abstained from deliberation in this matter) also noted that Mr Tan Ek Kia is a non-executive and independent director on the board of Transocean Ltd which has business dealings with the Keppel Offshore & Marine Group. Mr Tan had declared to the Committee that he was not involved in the negotiation of contracts or business dealings between the companies. The Committee also took into account Mr Tan's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance

assessment and agreed that Mr Tan has at all times been exercising independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

The Committee also noted that Mr Till Vestring is a partner in Bain & Company's Southeast Asia office, which undertook a consulting assignment for the Company in early 2014. Mr Vestring had declared to the Committee that (a) he would be joining the Board in his private and individual capacity, and not as an employee of Bain & Company, (b) he would not be involved in any future engagement of Bain & Company and therefore would have no financial gains from consulting services provided; and (c) he would recuse himself from any decision making process undertaken by the Board or board committees in connection with awarding a consultancy contract and Bain & Company was involved. The Committee took into account Mr Vestring's declaration and agreed that he should be deemed an independent director.

Further, a director who is directly associated with a 10% shareholder is deemed as non-independent under the 2012 Code. Mr Tow Heng Tan was previously the Chief Investment Officer of Temasek Holdings (Private) Limited ("Temasek"). He ceased to be employed by Temasek since 2012 and is currently the chief executive officer of Pavilion Capital International Pte Ltd, a wholly-owned subsidiary of Temasek. As Mr Tow is currently employed by a wholly-owned subsidiary of Temasek, the Committee (save for Mr Tow who abstained from deliberation in this matter) continued to deem Mr Tow as a non-independent non-executive director.

Lastly, the 2012 Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.

In this regard, the Committee (save for Mr Tony Chew who abstained from deliberation in this matter) noted that Mr Tony Chew and Mrs Oon Kum Loon were respectively first appointed to the Board on 16 April 2002 and 15 May 2004. However, the Committee considered that Mr Chew and Mrs Oon have each demonstrated independent judgment at Board, and board committee meetings, and was of the firm view that they have been exercising independent judgment in the best interests of the Company in the discharge of their director's duties. The Committee therefore continued to deem Mr Chew and Mrs Oon as independent directors.

The Board concurred with the reasons set forth by the Nominating Committee and was of the view that Dr Lee Boon Yang, Mr Tony Chew, Mrs Oon Kum Loon, Mr Alvin Yeo, Mr Tan Ek Kia, Mr Danny Teoh, Mr Tan Puay Chiang and Mr Till Vestring should be deemed independent.

Board Size: The Board, in concurrence with the Nominating Committee, was of the view that, taking into account the nature and scope of the operations of the Company, the requirements of the Company's businesses and the need to avoid undue disruptions from changes to the composition of the Board and board committees, the Board should consist of approximately 10 to 12 members, which would facilitate effective decision making. The Board currently comprises majority independent directors with a total of 10 directors of whom 8 are independent. No individual or small group of individuals dominate the Board's decision making.

The nature of the directors' appointments on the Board and details of their membership on board committees are set out on page 112 herein.

Board Competency: The Nominating Committee is satisfied that the Board and the board committees comprise directors who as a group provide an appropriate balance and diversity of

skills, experience, gender, knowledge of the Group, core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board and the board committees to be effective.

Board Information: The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals, and that for this to happen, the Board, in particular, the non-executive directors, must be kept well informed of the Company's business and affairs and be knowledgeable about the industry in which the businesses operate. The Company has therefore adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. These initiatives include regular informal meetings for management to brief the directors on prospective deals and potential developments at an early stage before formal board approval is sought, and the circulation of relevant information on business initiatives, industry developments and analyst and press commentaries on matters in relation to the Company or the industries in which it operates. A two-day off-site board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of the Group, to give the non-executive directors a better understanding of the Group and its businesses and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme.

Non-executive Directors' Meetings: The non-executive directors set aside

time at each scheduled quarterly meeting to meet without the presence of management to discuss matters such as board processes, corporate governance initiatives, matters which they wish to discuss during the board off-site strategy meeting, succession planning and leadership development, and performance management and remuneration matters. Such meetings may also be scheduled on a need-be basis.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3:

Chairman and Chief Executive Officer should in principle be separate persons to ensure appropriate balance of power, increased accountability and greater capacity of the board for independent decision making

Dr Lee Boon Yang is the non-executive and independent Chairman of the Company. Mr Loh Chin Hua is the CEO of the Company.

The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of the Company's operations.

The Chairman sets guidelines on and monitors the flow of information from management to the Board to ensure that all material information are provided in a timely manner to the Board for it to make good decisions. He also encourages constructive relations between the Board and management, and between the executive directors and non-executive directors.

At annual general meetings and other shareholders' meetings, the Chairman ensures constructive dialogue between shareholders, the Board and management.

The Chairman takes a leading role in the Company's drive to achieve and maintain a high standard of corporate governance with the full support of the directors, Company Secretaries and management.

The CEO, assisted by the management team, makes strategic proposals to the Board and after robust and constructive board discussion, executes the agreed strategy, manages and develops the Group's businesses and implements the Board's decisions.

BOARD MEMBERSHIP

Principle 4:

Formal and transparent process for the appointment and re-appointment of directors to the Board

NOMINATING COMMITTEE

The Company has established a Nominating Committee (NC) to, among other things, make recommendations to the Board on all board appointments and oversee the Board and senior management's succession and leadership development plans. The NC comprises entirely non-executive directors, 4 out of 5 of whom (including the Chairman) are independent; namely:

- Mr Tony Chew
Independent Chairman
- Dr Lee Boon Yang
Independent Member
- Mr Tow Heng Tan
Non-Executive and
Non-Independent Member
- Mr Tan Ek Kia
Independent Member
- Mr Alvin Yeo
Independent Member

The responsibilities of the NC are set out on pages 110 and 111 herein.

PROCESS FOR APPOINTMENT OF NEW DIRECTORS AND BOARD SUCCESSION PLANNING

The NC is responsible for reviewing the succession plans for the Board. In this regard, it has put in place a formal process for the renewal of the Board and the selection of new directors. The NC leads the process and makes recommendations to the Board as follows:

- (a) NC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of



- the Board which would facilitate decision-making.
- (b) In the light of such review and in consultation with management, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
- (c) External help (for example, Singapore Institute of Directors, search consultants, open advertisement) may be used to source for potential candidates if need be. Directors and management may also make recommendations.
- (d) NC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- (e) NC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

CRITERIA FOR APPOINTMENT OF NEW DIRECTORS

All new appointments are subject to the recommendation of the NC based on the following objective criteria:

- (1) Integrity
- (2) Independent mindedness
- (3) Diversity – Possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing directors on the Board
- (4) Able to commit time and effort to carry out duties and responsibilities effectively – proposed director does not have more than six listed company board representations and/or other principal commitments
- (5) Track record of making good decisions
- (6) Experience in high-performing companies
- (7) Financially literate

Adopting the above appointment process and criteria, the Board will be recommending at the upcoming annual general meeting the re-election of a new director, Mr Till Vestring.

Mr Vestring is a partner in Bain & Company's Southeast Asia office and has more than 20 years of management consulting experience in Asia, advising leading companies on portfolio strategy, growth, mergers and acquisitions, merger integration, organisation and performance improvement. From 2007 to 2013, Mr Vestring served as the Managing Partner of Bain's Southeast Asia operations with offices in Singapore,

Jakarta, Kuala Lumpur and Bangkok. He is a leader in Bain's Industrial Goods & Services practice and a member of Bain's Telecommunications, Media and Technology practices.

RE-NOMINATION OF DIRECTORS

The NC is also charged with the responsibility of re-nomination having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his peers.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Company's Articles of Association, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself for re-election at the annual general meeting immediately following his appointment.

ANNUAL REVIEW OF DIRECTORS' INDEPENDENCE

The NC is also charged with determining the "independence" status of the directors annually. Please refer to page 94 herein on the basis of the NC's determination as to whether a director should or should not be deemed independent.

ANNUAL REVIEW OF DIRECTORS' TIME COMMITMENTS

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards and/or have other principal commitments. As a guide, directors should not have more than six listed company board representations and/or other principal commitments.

The NC determines annually whether a director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director, and the

respective directors' actual conduct on the Board, in making this determination. In respect of FY2014, the NC was of the view that each director has given sufficient time and attention to the affairs of the Company and has been able to discharge his duties as director effectively. The NC also discussed with Mr Tan Ek Kia on his directorships and commitments (including his directorship on the boards of Transocean Ltd and SMRT Corporation Ltd). Noting Mr Tan's strong contribution on the Board and that he had stepped down as director of the trustee-manager of CitySpring Infrastructure Trust, NC was of the view that Mr Tan would be able to continue to adequately carry out his duties as a director of KCL. The NC noted that based on the attendance of Board and board committee meetings during the year, all the directors were able to participate in at least a substantial number of such meetings to carry out their duties. The NC also noted that, based on the Independent Co-ordinator's Report on individual director assessment for FY2014, all the directors performed well. The NC was therefore satisfied that in FY2014, where a director had other listed company board representations and/or other principal commitments, the director was able and had been adequately carrying out his duties as director of the Company.

NOMINEE DIRECTOR POLICY

At the recommendation of the NC, the Board approved the adoption of the KCL Nominee Director Policy in January 2009. For the purposes of the policy, a "Nominee Director" is a person who, at the request of KCL, acts as director (whether executive or non-executive) on the board of another company or entity ("Investee Company") to oversee and monitor the activities of the relevant Investee Company so as to safeguard KCL's investment in the company.

The purpose of the policy is to highlight certain obligations of a person while acting in his capacity as a Nominee Director. The policy also sets out the internal process for the

appointment and resignation of a Nominee Director. The policy would be reviewed and amended as required to take into account current best practices and changes in the law and stock exchange requirements.

KEY INFORMATION REGARDING DIRECTORS

The following key information regarding directors is set out in the following pages of this Annual Report:

Pages 21 to 25: Academic and professional qualifications, board committees served on (as a member or Chairman), date of first appointment as director, date of last re-election as director, directorships or chairmanships both present and past held over the preceding five years in other listed companies and other major appointments, whether appointment is executive or non-executive, whether considered by the NC to be independent; and

Pages 135 to 136: Shareholding in the Company and its subsidiaries.

BOARD PERFORMANCE

Principle 5:

Formal assessment of the effectiveness of the Board and Board Committees and the contribution by each director to the effectiveness of the Board

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its board committees, the contribution by each individual director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

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The directors submit themselves for re-nomination and re-election at the Company's annual general meetings at least once every three years.

Independent Co-ordinator: To ensure that the assessments are done promptly and fairly, the Board has appointed an independent third party (the "Independent Co-ordinator") to assist in collating and analysing the returns of the board members. Mrs Fang Ai Lian, former Chairman, Ernst & Young and Great Eastern Holdings Ltd, and currently Advisor to Far East Organisation, was appointed for this role. Mrs Fang Ai Lian does not have business relationships or any other connections with the Company which may affect her independent judgment.

Formal Process and Performance

Criteria: The evaluation processes and performance criteria are disclosed in the Appendix to this report.

Objectives and Benefits: The board assessment exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or board committees. The assessment exercise also helps the directors to focus on their key responsibilities. The individual director assessment exercise allows for peer review with a view to raising the quality of board members. It also assists the NC in determining whether to re-nominate directors who are due for retirement at the next annual general meeting, and in determining whether directors with multiple board representations are nevertheless able to and have adequately discharged their duties as directors of the Company.

ACCESS TO INFORMATION

Principle 6:

Board members to have complete, adequate and timely information

As a general rule, board papers are required to be distributed to the directors at least seven days before the board meeting so that the members may better understand the matters prior to the board meeting and discussion may be focused on

questions that the directors may have. Directors are provided with tablet devices to enable them to access and read the board papers. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insights into the matters at hand would be present at the relevant time during the board meeting. The directors are also provided with the names and contact details of the Company's senior management and the Company Secretaries to facilitate direct access to senior management and the Company Secretaries.

The Company fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management is therefore expected to provide the Board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

Management also provides the Board members with management accounts on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

The Company Secretaries administer, attend and prepare minutes of board proceedings. They assist the Chairman to ensure that board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and board committees, and between senior management and the non-executive directors, and facilitating orientation and assisting in the professional development of the directors) are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's memorandum and articles of association and relevant rules and regulations, including requirements of

the Companies Act, Securities & Futures Act and Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), are complied with. They also assist the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value. They are also the primary channel of communication between the Company and the SGX.

The appointment and removal of the Company Secretaries are subject to the approval of the Board.

Subject to the approval of the Chairman, the directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

REMUNERATION MATTERS

Principle 7:

The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8:

The level and structure of director fees are aligned with the long-term interest of the Company and appropriate to attract, retain and motivate directors to provide good stewardship of the Company

The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the Company and appropriate to attract, retain and motivate key management to successfully manage the Company

Principle 9:

There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

REMUNERATION COMMITTEE

The Remuneration Committee (RC) comprises entirely non-executive directors, three out of four of whom (including the Chairman) are independent; namely:

- Mr Danny Teoh
Independent Chairman

- Dr Lee Boon Yang
Independent Member
- Mrs Oon Kum Loon
Independent Member
- Mr Tow Heng Tan
Non-Executive and
Non-Independent Member

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise shareholder value. The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including directors' fees, salaries, allowances, bonuses, grant of shares and share options, and benefits in kind) and the specific remuneration packages for each director and the key management personnel. The RC also reviews the remuneration of senior management and administers

the KCL Share Option Scheme in respect of the outstanding options granted prior to the termination of the KCL Share Option Scheme in end 2010, the KCL Restricted Share Plan (the "KCL RSP") and the KCL Performance Share Plan (the "KCL PSP"). In addition, the RC reviews the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC has access to expert advice from external remuneration consultants where required. In FY2014, the RC sought views on market practice and trends from external remuneration consultants, Aon Hewitt. The RC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has confirmed that the external remuneration consultants had no

relationships with the Company which would affect their independence and objectivity.

ANNUAL REMUNERATION REPORT POLICY IN RESPECT OF NON-EXECUTIVE DIRECTORS' REMUNERATION

Each non-executive director's remuneration comprises a basic fee, attendance fee and, if the director is required to travel out of his/her country of residence to attend meetings or events or for any other purpose of the Company, travel allowance. In addition, non-executive directors who perform additional services in board committees are paid an additional fee for such services. The Chairman of each board committee is also paid a higher fee compared with the members of the respective committees in view of the greater responsibility carried by that office. Executive directors are not paid directors' fees.

The directors' fee structure, which is the same as that for FY2013, is set out in Table 2.

TABLE 2

		Basic Fee (per annum)
Board Chairman		\$750,000 (all-in)
Board Member		\$81,000
		Additional Fees for Membership in Board Committees (per annum)
	Chairman	Member
Audit Committee	\$50,000	\$27,000
Board Risk Committee	\$50,000	\$27,000
Remuneration Committee	\$35,000	\$23,000
Board Safety Committee	\$35,000	\$23,000
Nominating Committee	\$30,000	\$18,000
		Attendance Fee (per meeting)
Board & Non-Executive Directors' Meetings	Singapore	\$3,000
	Overseas	\$5,000
Committee Meeting	Singapore	\$1,500
	Overseas	\$3,000
Director's Allowance (for overseas travel)		\$1,000 per event day

Each of the non-executive directors (including the Chairman) will receive 70% of his total directors' fees in cash ("Cash Component") and 30% in the form of KCL shares ("Remuneration Shares") (both amounts subject to adjustment as described below). The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the Annual General Meeting ("Trading Day") for delivery to the respective non-executive directors, will be based on the market price of the Company's shares on the SGX on the Trading Day. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash. Such incorporation of an equity component in the total remuneration of the non-executive directors is intended to achieve the objective of aligning the interests of the non-executive directors with those of the shareholders' and the long term interests of the Company.

The aggregate directors' fees for non-executive directors is subject to shareholders' approval at the Annual General Meeting. The Chairman and the non-executive directors will abstain from voting, and will procure their respective associates to abstain from voting in respect of this resolution.

REMUNERATION POLICY IN RESPECT OF EXECUTIVE DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

The Company advocates a performance-based remuneration system that is highly flexible and responsive to the market, Company's, business unit's and individual employee's performance.

In designing the compensation structure, the RC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive

compensation. The total remuneration mix comprises 3 key components; that is, annual fixed cash, annual performance incentive, and the KCL Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances which the Company benchmarks with the relevant industry market median. The annual performance incentive is tied to the Company's, business unit's and individual employee's performance, inclusive of a portion which is tied to EVA performance. The KCL Share Plans are in the form of two share plans approved by shareholders, the KCL RSP and the KCL PSP. The EVA performance incentive plan and the KCL Share Plans are long term incentive plans. Executives who have a greater ability to influence Group outcomes have a greater proportion of overall reward at risk.

The RC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of shareholders and promote the long-term success of the company. The mix of fixed and variable reward is considered appropriate for the Group and for each individual role.

The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. This link is achieved in the following way:

- (a) by placing a significant portion of executives' remuneration at risk ("At Risk component") and in some cases, subject to a vesting schedule;
- (b) by incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives:
 - a. There are four scorecard areas that the Company has identified as key to measuring the performance of the Group (i) Commercial/Financial; (ii) Customers; (iii) Process; and (iv) People;
 - b. The four scorecards areas have been chosen because they

support how the Group achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Company's overall strategic goals. This is designed to achieve a consistent approach and understanding across the Group;

- (c) by selecting performance conditions such as ROE, Total Shareholder Return and EVA for equity awards that are aligned with shareholder interests;
- (d) by requiring those KPIs or conditions to be met in order for the At Risk components of remuneration to be awarded or to vest; and
- (e) by forfeiting the At Risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

The RC also recognised the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in determining the compensation structure, the RC had taken into account the risk policies and risk tolerance of the Group as well as the time horizon of risks, and incorporated risks-adjustments into the compensation structure through several initiatives, including but not limited to:

- (a) prudent funding of annual cash incentives;
- (b) bonus deferrals under the EVA performance incentive plan;
- (c) vesting of contingent share awards under the KCL Share Plans being subject to KPIs and/or performance conditions being met; and
- (d) potential forfeiture of variable incentives in any year due to misconduct.

RC is of the view that the overall level of remuneration is not considered to be at a level which is likely to promote behaviours contrary to the Group's risk profile.

In determining the actual quantum of variable component of

remuneration, the RC had taken into account the extent to which the performance conditions, set forth on page 100, have been met. The RC is therefore of the view that remuneration is aligned to performance during FY2014.

In order to align the interests of senior executive directors and executive director with that of shareholders, the senior executive directors and executive director are remunerated partially in the form of shares in the Company and are encouraged to hold such shares while they remain in the employment of the Company.

The directors, the CEO and the key management personnel (who are not directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what has been disclosed.

LONG TERM INCENTIVE PLANS

EVA Incentive Plan

Each year, the current year's EVA bonus earned is added to the accrued EVA bank balance of the preceding year and thereafter one-third ($\frac{1}{3}$) is paid out provided the total EVA balance is positive. The remaining two-third ($\frac{2}{3}$) of the total EVA balance is credited to the executive's EVA Bank for payment in future years, subject to the continued EVA performance of the Company. The EVA bank concept is used to defer incentive compensation over a time horizon to ensure that the executive continues to generate sustainable shareholder value over the longer term. The EVA bank account is designated on a personal basis and represents the executive's contribution to the EVA performance of the Company. Monies credited into the EVA bank are at risk in that the amount in the bank can decrease should EVA performance turn negative in the future years.

KCL Share Plans

The KCL Share Plans are put in place to increase the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees

to achieve superior performance and to motivate them to continue to strive for the Group's long-term shareholder value. The KCL Share Plans also aim to strengthen the Group's competitiveness in attracting and retaining talented key senior management and employees. The KCL RSP applies to a broader base of employees while the KCL PSP applies to a selected group of key management personnel. Generally, it is envisaged that the range of performance targets to be set under the KCL RSP and the KCL PSP will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer-term growth.

The RC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or of misconduct resulting in restatement of financial statements or of misconduct resulting in financial loss to the Company. Outstanding EVA bank, KCL RSP and KCL PSP are also subject to RC's discretion before further payment or vesting can occur.

Details of the KCL Share Plans are set out on pages 137 to 138 and 163 to 166.

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Exercising active stewardship of the Company, the directors of Keppel Corporation make regular visits to the Group's overseas projects, such as Riviera Point in Ho Chi Minh City.



**LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL
(WHO ARE NOT ALSO DIRECTORS OR THE CEO) FOR THE YEAR ENDED 31 DECEMBER 2014**

The level and mix of each of the directors' remuneration are set out in Table 3 below:

TABLE 3

Remuneration & Name of Director	Base/ Fixed Salary (\$)	Performance-Related Bonuses Earned ¹ (Including EVA and non-EVA Bonuses) (\$)		Directors' Total Fees ² (\$)		Benefits -in-Kind (\$)	Contingent Awards of Shares ³ (\$)		Total Remuneration (\$)
		Paid	Deferred & at Risk	Cash component ⁴	Shares component ⁴		PSP	RSP	
Loh Chin Hua ⁵	929,400	1,475,600	2,086,400	-	-	n.m. ⁶	1,213,200	1,546,500	7,251,100
Tong Chong Heong	148,564 ⁷	132,506	170,946	-	-	n.m.	-	-	452,016 ⁸
Teo Soon Hoe	515,554 ⁹	728,696	1,048,551	-	-	n.m.	83,576 ¹⁰	-	2,376,377 ¹¹
Lee Boon Yang	-	-	-	525,000	225,000	-	-	-	750,000
Tony Chew Leong-Chee	-	-	-	126,000	54,000	-	-	-	180,000
Oon Kum Loon	-	-	-	168,000	72,000	-	-	-	240,000
Tow Heng Tan	-	-	-	136,850	58,650	-	-	-	195,500
Alvin Yeo Khirn Hai ¹²	-	-	-	113,779	48,763	-	-	-	162,542
Tan Ek Kia ¹³	-	-	-	146,211	62,662	-	-	-	208,873
Danny Teoh	-	-	-	168,700	72,300	-	-	-	241,000
Tan Puay Chiang	-	-	-	123,900	53,100	-	-	-	177,000

Notes:

¹ The RC is satisfied that the quantum of performance-related bonuses earned by the senior executive directors and executive director was fair and appropriate taking into account the extent to which their KPIs for FY2014 were met.

² The directors' total fees are subject to shareholders' approval at the Company's Annual General Meeting.

³ Shares awarded under the KCL PSP and KCL RSP are subject to pre-determined performance targets set over a three-year and a one-year performance period respectively. As at 31 March 2014 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KCL PSP and KCL RSP were \$6.74 and \$10.31 respectively. For the KCL PSP, the figures are based on the fair value of the PSP shares at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.

⁴ The amounts stated may be adjusted as indicated on page 100 of this report.

⁵ Total remuneration shown above for Mr Loh Chin Hua does not include vested share of carried interests for funds created during the time he was Managing Director at Alpha Investment Partners. These carried interests are only earned at the end of the fund life and depends entirely on the actual performance of the funds after they have been liquidated.

⁶ n.m. - not material

⁷ Mr Tong Chong Heong has retired as Senior Executive Director of the Company and CEO of Keppel Offshore & Marine Ltd ("KOM") on 1 February 2014 and was appointed as Senior Advisor to the boards of KOM and Keppel Infrastructure Holdings Pte Ltd ("KIH") on the same day. The remuneration shown above includes leave encashment of \$63,360.

⁸ Total remuneration shown above for Mr Tong Chong Heong does not include the engagement fees for his role as Senior Advisor to the boards of KOM and KIH.

⁹ The late Mr Teo Soon Hoe has retired as Senior Executive Director of the Company on 1 June 2014 and was appointed as the Company's nominee director on the boards of Tianjin Eco-City companies and k1 Ventures Limited on the same day. The remuneration shown above includes leave encashment of \$87,729.

¹⁰ Consequent to the retirement of the late Mr Teo Soon Hoe with effect from 1 June 2014, the outstanding KCL PSP awards that have not fulfilled the three-year performance period will be pro-rated to his last day of employment service (i.e. 31 May 2014) in accordance with the KCL PSP policy on staff retirement.

¹¹ Total remuneration shown above for the late Mr Teo Soon Hoe does not include the engagement fees for his role as nominee director on the boards of Tianjin Eco-City companies and k1 Ventures Limited.

¹² Mr Alvin Yeo ceased as member of Board Risk Committee with effect from 23 January 2014 and was appointed as member of Nominating Committee on the same day. Fees for memberships in both board committees are pro-rated accordingly.

¹³ Mr Tan Ek Kia was appointed as member of Board Risk Committee with effect from 23 January 2014. Fees for membership in Board Risk Committee are pro-rated accordingly.

PSP and RSP Shares granted and vested to the Senior Executive Directors and Executive Director are shown below:

Name of Senior Executive Directors and Executive Director	PSP Awards	Vesting Date	Contingent Awards of PSP Shares	Number of PSP Shares Vested	Value of PSP Shares Vested (\$) ¹⁴	RSP Awards	Vesting Date	Contingent Awards of RSP Shares	Number of RSP Shares Vested	Value of RSP Shares Vested (\$) ¹⁴
Loh Chin Hua	2012 Awards	27 Feb 2015	0 to 116,500 ¹⁵	-	-	2012 Awards	28 Feb 2013	76,762 ¹⁵	25,000	287,500
							28 Feb 2014		25,881	270,456
							27 Feb 2015		-	-
	2013 Awards	26 Feb 2016	0 to 139,800 ¹⁵	-	-	2013 Awards	28 Feb 2014	87,995 ¹⁵	29,331	306,509
							27 Feb 2015		-	-
							26 Feb 2016		-	-
	2014 Awards	28 Feb 2017	0 to 270,000	-	-	2014 Awards	27 Feb 2015	150,000	-	-
							26 Feb 2016			
							28 Feb 2017			
Tong Chong Heong	2010 Awards	28 Feb 2013	0 to 297,000 ¹⁶	289,100	3,324,650	2010 Awards	28 Feb 2011	96,000 ¹⁶	30,000	351,000
							28 Feb 2012		33,000	364,650
							28 Feb 2013		33,000	379,500
	2011 Awards	28 Feb 2014	0 to 279,500 ¹⁵	178,900	1,869,505	2011 Awards	28 Feb 2012	91,057 ¹⁵	30,000	331,500
							28 Feb 2013		30,000	345,000
							28 Feb 2014		31,057	324,546
	2012 Awards ¹⁷	27 Feb 2015	0 to 194,300 ¹⁵	-	-	2012 Awards	-	0	-	-
	2013 Awards ¹⁷	26 Feb 2016	0 to 101,100 ¹⁵	-	-	2013 Awards	-	0	-	-
	2014 Awards ¹⁷	28 Feb 2017	0 to 18,600	-	-	2014 Awards	-	0	-	-
Teo Soon Hoe	2010 Awards	28 Feb 2013	0 to 330,000 ¹⁶	321,200	3,693,800	2010 Awards	28 Feb 2011	106,670 ¹⁶	33,300	389,610
							28 Feb 2012		36,685	405,369
							28 Feb 2013		36,685	421,878
	2011 Awards	28 Feb 2014	0 to 279,500 ¹⁵	178,900	1,869,505	2011 Awards	28 Feb 2012	91,057 ¹⁵	30,000	331,500
							28 Feb 2013		30,000	345,000
							28 Feb 2014		31,057	324,546
	2012 Awards ¹⁰	27 Feb 2015	0 to 112,500 ¹⁵	-	-	2012 Awards	-	0	-	-
	2013 Awards ¹⁰	26 Feb 2016	0 to 65,900 ¹⁵	-	-	2013 Awards	-	0	-	-
	2014 Awards ¹⁰	28 Feb 2017	0 to 18,600	-	-	2014 Awards	-	0	-	-

Notes:

¹⁴ The value of the shares vested under KCL PSP and RSP is computed based on the market price of the shares when the shares are credited to the employee's CDP account. The RC is satisfied that the value of the shares vested under the KCL PSP and RSP to the senior executive directors and executive director was fair and appropriate taking into account the extent to which their KPIs and performance conditions for FY2014 were met.

¹⁵ Arising from the distribution of Keppel REIT unit by way of dividend in-specie on the basis of 1 Keppel REIT unit for every 5 KCL ordinary shares on 8 May 2013 and 8 Keppel REIT units for every 100 KCL ordinary shares on 13 September 2013, the RC approved the adjustments to unvested shares under the award.

¹⁶ Arising from the bonus issue of one bonus share for every 10 existing ordinary shares in 2011, the RC approved the adjustments to unvested shares under the award.

¹⁷ Consequent to the retirement of Mr Tong Chong Heong with effect from 1 February 2014, the outstanding KCL PSP awards that have not fulfilled the three-year performance period will be pro-rated to his last day of employment service (i.e. 31 January 2014) in accordance with the KCL PSP policy on staff retirement.

The total remuneration paid to the key management personnel (who are not directors or the CEO) in FY2014 was \$22,893,803. The level and mix of each of the key management personnel (who are not also directors or the CEO) in bands of \$250,000 are set out below:

	Base/ Fixed Salary	Performance-Related Bonuses Earned ¹⁸ (including EVA and non-EVA Bonuses)		Benefits in-Kind	Contingent Awards of Shares	
		Paid	Deferred & at Risk		PSP	RSP
Remuneration Band & Name of Key Management Personnel						
Above \$5,250,000 to \$5,500,000						
Chow Yew Yuen	14%	22%	30%	n.m.	17%	17%
Above \$3,000,000 to \$3,250,000						
Ang Wee Gee	25%	31%	27%	n.m.	11% ¹⁹	6% ¹⁹
Wong Kok Seng	14%	34%	36%	n.m.	16%	— ²⁰
Above \$2,750,000 to \$3,000,000						
Chan Hon Chew	18%	34%	28%	n.m.	7%	13%
Chia Hock Chye, Michael	17%	19%	26%	2% ²¹	14%	22%
Ong Tiong Guan	17%	21%	25%	n.m.	15%	22%
Above \$1,750,000 to \$2,000,000						
Chor How Jat	23%	16%	14%	n.m.	11%	36%
Above \$1,000,000 to \$1,250,000						
Pang Thieng Hwi, Thomas	28%	30%	23%	n.m.	—	19% ²²

Notes:

¹⁸ The RC is satisfied that the quantum of performance-related bonuses earned by the key management personnel was fair and appropriate taking into account the extent to which their KPIs for FY2014 were met.

¹⁹ On Keppel Land Limited ("KLL") share based compensation scheme. As at 31 March 2014 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KLL PSP and KLL RSP were \$1,678 and \$3,180 respectively.

²⁰ With effect from 2012 onwards, officers who are retired and re-employed on contract basis would no longer be eligible to participate in the KCL RSP awards.

²¹ Mr Michael Chia has reached the statutory retirement age of 62 on 19 December 2014. Arising from his statutory retirement and having served KOM for more than 30 years, he was entitled to KOM's retirement benefits of \$63,775.

²² Mr Thomas Pang stepped down as the CEO of Keppel Infrastructure Fund Management Pte Ltd (Trustee-Manager of Keppel Infrastructure Trust) on 15 May 2014 and was appointed as the CEO-designate of Keppel Telecommunications & Transportation Ltd ("KTT") on the same day. He was appointed as the CEO of KTT with effect from 1 July 2014. Prior to his appointment with KTT, Mr Thomas Pang was a participant of KCL RSP scheme.

REMUNERATION OF EMPLOYEES WHO ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR OR THE CHIEF EXECUTIVE OFFICER

No employee of the Company and its subsidiaries was an immediate family member of a director or the CEO and whose remuneration exceeded \$50,000 during the financial year ended 31 December 2014. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

DETAILS OF THE KCL SHARE PLANS

The KCL Share Plans, which have been approved by shareholders of the Company, are administered by the RC. Please refer to pages 137 to 138 and 163 to 166 of this Annual Report for details on the KCL Share Plans.

ACCOUNTABILITY AND AUDIT

Principle 10:

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects

Principle 12:

Establishment of Audit Committee with written terms of reference

The Board is responsible for providing a balanced and understandable assessment of the Company's and Group's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required).

The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst

preserving the commercial interests of the Company. Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXnet to the SGX, press releases, the Company's website, public webcast and media and analyst briefings.

The Company's Annual Report is accessible on the Company's website. The Company also sends its Annual Report to all its shareholders in CD-ROM format. In line with the Company's drive towards sustainable development, the Company encourages shareholders to read the Annual Report from the CD-ROM or on the Company's website. Shareholders may however request for a physical copy at no cost.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the Company's and Group's performance, position and prospects on a monthly basis and as the Board may require from time to time. Such reports keep the board members informed of the Company's and Group's performance, position and prospects.

AUDIT COMMITTEE

The Audit Committee (AC) comprises the following non-executive directors, all of whom are independent:

- Mr Danny Teoh
Independent Chairman
- Mr Tony Chew Leong-Chee
Independent Member
- Mrs Oon Kum Loon
Independent Member
- Mr Alvin Yeo
Independent Member

Mr Danny Teoh and Mrs Oon Kum Loon have relevant accounting and related financial management expertise and experience. The Board considers Mr Tony Chew as having sufficient financial management knowledge and experience to discharge his responsibilities as a member of the Committee. Mr Alvin Yeo has in-depth knowledge of the responsibilities of the AC and practical experience and knowledge of the issues and considerations affecting the Committee from serving on the audit committee of other listed companies. Mr Danny Teoh and Mrs Oon Kum Loon are both members of the Board Risk Committee (BRC), with Mrs Oon being the Chairman of the BRC.

The AC's primary role is to assist the Board to ensure integrity of financial reporting and that there is in place sound internal control systems. The Committee's responsibilities are set out on page 110 herein.

The AC has explicit authority to investigate any matter within its responsibilities, full access to and co-operation by management and full discretion to invite any director

or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to discharge its functions properly. The Company has an internal audit team and together with the external auditors, report their findings and recommendations to the AC independently.

The AC met with the external auditors five times, and with the internal auditors six times during the year, and at least one of these meetings was conducted without the presence of management.

During the year, the AC performed independent review of the financial statements of the Company before the announcement of the Company's quarterly and full-year results. In the process, the Committee reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their quarterly reviews with the AC. In addition, the AC members are invited to the Company's annual finance seminars where relevant changes to the accounting standards that will impact the Keppel Group of Companies are shared by, and discussed with accounting practitioners from one of the leading accounting firms.

The AC also reviewed and approved the Group internal auditor's plan to ensure that the plan covered sufficiently in terms of audit scope in reviewing the significant internal controls of the Company. Such significant controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations put up by the internal and the external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

The AC reviewed and approved the Group external auditor's audit plan for the year. The AC also undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 26 of the Notes to the Financial Statements on page 187.

The Company has complied with Rules 712, and Rule 715 read with 716 of the SGX Listing Manual in relation to its auditing firms.

The AC also reviewed the adequacy of the internal audit function and is satisfied that the team is adequately resourced and has appropriate standing within the Company. The AC also reviewed the training costs and programs attended by the internal audit team to ensure that their technical knowledge and skill sets remain current and relevant.

The AC has reviewed the "Keppel: Whistle-Blower Protection Policy" (the "Policy") which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action. To facilitate the management of incidences of alleged fraud or other misconduct, the AC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the AC reviews the Policy yearly to ensure that it remains current. The details of the Policy are set out on pages 113 and 114 hereto.

On a quarterly basis, management reported to the AC the interested person transactions ("IPTs") in accordance with the Company's Shareholders' Mandate for IPT. The IPTs were reviewed by the internal auditors. All findings were reported during AC meetings.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11:

Sound system of risk management and internal controls

The Board Risk Committee (BRC) comprises the following non-executive directors, four out of five of whom (including the Chairman) are independent and the remaining director being a non-executive director who is independent of management; namely:

- Mrs Oon Kum Loon
Independent Chairman
- Mr Danny Teoh
Independent Member
- Mr Tow Heng Tan
Non-executive and
Non-independent Member
- Mr Tan Puay Chiang
Independent Member
- Mr Tan Ek Kia
Independent Member

Mrs Oon Kum Loon was appointed Chairman of the Committee because of her wealth of experience in the area of risk management. Prior to serving as Chief Financial Officer in the Development Bank of Singapore (DBS), she was the Managing Director & Head of Group Risk Management, responsible for the development and implementation of a group-wide integrated risk management framework for the DBS group. Mrs Oon is a member of the Company's AC. Mr Danny Teoh, who is the Chairman of the AC, is the second member of the BRC. Mr Danny Teoh was the Managing Partner of KPMG Singapore from

October 2005 to October 2010. He was also the Head of Audit and Risk Advisory Services practices in Singapore as well as in Asia, and served on its global team. The third member is Mr Tow Heng Tan who has deep management experience from his extensive business career spanning the management consultancy, investment banking and stock-broking industries. Mr Tow was previously the Chief Investment Officer of Temasek. The fourth member is Mr Tan Puay Chiang, who held various executive management roles in his 37-year career with Mobil and later ExxonMobil, and has in-depth knowledge and experience in the oil and gas industry and wide international exposure. The fifth member is Mr Tan Ek Kia, who is a seasoned executive in the oil and gas and petrochemicals businesses and had held senior positions in Shell including Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region, Managing Director (Exploration and Production) of Shell Malaysia, Chairman of Shell North East Asia and Managing Director of Shell Nanhai Ltd.

The BRC reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders' interests and the Company's assets. The Committee reports to the Board on material findings and recommendations in respect of significant risk matters. The detailed responsibilities of this Committee are disclosed on page 110 herein.

The Company's approach to risk management is set out in the "Risk Management" section on pages 124 and 127 of this Annual Report. The Group is guided by a set of Risk Tolerance Guiding Principles, as disclosed on page 125.

The Company also has in place a Risk Management Assessment Framework which was established to facilitate the Board's assessment on the adequacy and effectiveness of the Group's risk management system.

The framework lays out the governing policies, processes and systems pertaining to each of the key risk areas of the Group and assessments are made on the adequacy and effectiveness of the Group's risk management system in managing each of these key risk areas.

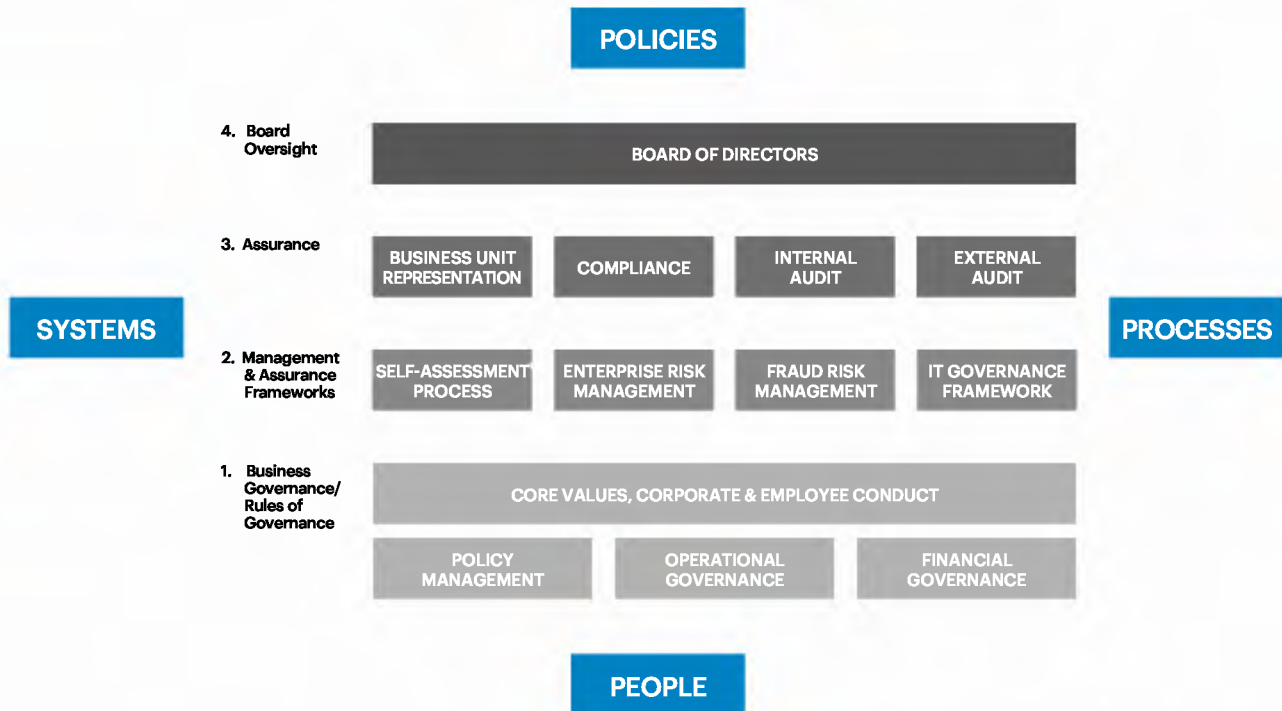
KCL's Group Internal Audit also conduct an annual review of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by management on the recommendations made by Group Internal Audit and the external auditors in this respect.

The Group also has in place the Keppel's System of Management Controls Framework (the "Framework") outlining the Group's internal control and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of the Group's system of internal controls and risk management.

Under the first Line of Defence, management is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Group's business scope and environment. Such policies and procedures govern financial, operational, information technology and compliance matters and are reviewed and updated periodically. Employees are also guided by the Group's Core Values and expected to comply strictly with the Employee Code of Conduct.

Under the second Line of Defence, significant business units are required to conduct self-assessment exercise on an annual basis.

KEPPEL'S SYSTEM OF MANAGEMENT CONTROLS (KSMC)



This exercise requires such business units to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under the Group's Enterprise Risk Management Framework, significant risks areas of the Group are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Fraud risk management processes include mandatory conflict of interest declaration by employees in high-risk positions and the implementation of policies such as the Keppel Whistle-Blower Protection Policy and Employee Code of Conduct to establish a clear tone at the top with regard to employees' business and ethical conduct.

Under the third Line of Defence, to assist the Company to ascertain the adequacy and effectiveness of the Group's internal controls, business units are required to provide the Company with written

assurances as to the adequacy and effectiveness of their system of internal controls and risk management. Such assurances are also sought from the Company's internal and external auditors based on their independent assessments.

The Board, supported by the AC and BRC, oversees the Group's system of internal controls and risk management.

The Board has received assurance from Chief Executive Officer, Mr Loh Chin Hua and Chief Financial Officer, Mr Chan Hon Chew, that, amongst others:

- (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Group;
- (b) the internal controls of the Group are adequate and effective to address the financial, operational, compliance and information

technology risks which the Group considers relevant and material to its current business scope and environment and that they are not aware of any material weaknesses in the system of internal controls; and

- (c) they are of the view that the Group's risk management system is adequate and effective.

For FY2014, based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks under the Group's Risk Management Assessment Framework, the monitoring and review of the Group's overall performance and representation from the management, the Board, with the concurrence of the BRC, is of the view that the Group's risk management system is adequate and effective.

For FY2014, based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits,

monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Group considers relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

INTERNAL AUDIT

Principle 13:

Effective and independent internal audit function that is adequately resourced

The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls by regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high risk areas. The Company's internal audit functions are serviced in-house ("Group Internal Audit").

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the AC and unfettered access to all the Group's documents, records, properties and personnel. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the AC, although she reports administratively to the CEO of the Company.

The AC approves the hiring, removal, evaluation and compensation of the Head of Group Internal Audit.

As a corporate member of the Singapore branch of the Institute of Internal Auditors Incorporated, USA ("IIA"), Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute and performance standards. External quality assessment reviews are carried out at least once every 5 years by qualified professionals, with the last assessment conducted in 2011, and the results re-affirmed that the internal audit activity conforms to the International Standards. Group Internal Audit staff performs a yearly declaration to confirm their adherence to the Employee Code of Conduct as well as the Code of Ethics established by the IIA, from which the principles of objectivity, competence, confidentiality and integrity are based.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance and information technology controls. An annual audit plan is developed using a structured risk and control assessment framework. Audits are planned based on the results of the assessment, with priority given to auditing all significant business units in the Company, inclusive of limited review performed on dormant and inactive companies. All Group Internal Audit's reports are submitted to the AC for deliberation with copies of these reports extended to the Chairman, CEO and relevant senior management officers. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the AC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the AC.

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14:

Fair and Equitable Treatment of Shareholders and Protection of Shareholders' Rights

Principle 15:

Regular, effective and fair communication with shareholders

Principle 16:

Greater shareholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Company's Group Corporate Communications Department (with assistance from the Group Finance and Group Legal Departments, when required) regularly communicates with shareholders and receives and attends to their queries and concerns.

The Company treats all its shareholders fairly and equitably and keeps all its shareholders and other stakeholders informed of its corporate activities, including changes in the Company or its business which would be likely to materially affect the price or value of its shares, on a timely basis.

The Company has in place an Investor Relations Policy which sets out the principles and practices that the Company applies in order to provide shareholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on the Company's website at www.kepcorp.com.

The Company employs various platforms to effectively engage the shareholders and the investment community, with an emphasis on timely, accurate, fair and transparent disclosure of information. Engagement with shareholders and other stakeholders takes many forms, including "live" webcasts of quarterly results and presentations, e-mail communications, publications content on the Company's website as well as facility visits.

In addition to shareholder meetings, senior management meet with investors, analysts and the media, as well as participate in industry conferences to solicit and understand the views of the investment community. In FY2014, the Company hosted 360 meetings and conference calls with institutional investors, including several facility visits to its shipyards, plants and data centres in Singapore and Brazil. Management also traveled widely for non-deal roadshows to meet investors across countries. Such meetings provide useful platforms for management to engage with investors and analysts. Further, the Company launched its mobile-friendly website with live webcast features in February 2014, to enhance investors' access to company information via smartphones.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and the press. To ensure a level playing field and provide confidence to shareholders, unpublished price sensitive information are not selectively disclosed, and on the rare occasion when such information are inadvertently disclosed, they are immediately released to the public via SGXNET and the press.

The Company ensures that shareholders have the opportunity to participate effectively and vote at shareholders' meeting. Shareholders

are informed of shareholders' meetings through notices published in the newspapers and via SGXNET, and reports or circulars sent to all shareholders. Shareholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. Shareholders are also informed of the rules, including voting procedures, governing such meetings.

If any shareholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. To ensure transparency, the Company conducts electronic poll voting for shareholders/proxies present at the meeting for all the resolutions proposed at the general meeting. Votes cast for and against and the respective percentages, on each resolution will be displayed 'live' to shareholders/proxies immediately after each poll conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the general meeting via SGXNET.

The Chairmen of the Board and each board committee are required to be present to address questions at

general meetings of shareholders. External auditors are also present at such meetings to assist the directors to address shareholders' queries, if necessary.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretaries prepare minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and management. These minutes are available to shareholders upon their requests.

SECURITIES TRANSACTIONS INSIDER TRADING POLICY

The Company has a formal Insider Trading Policy and Guidelines on Disclosure of Dealings in Securities on dealings in the securities of the Company and its listed subsidiaries, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealings with the Company's securities on short-term considerations. The policy and guidelines have been distributed to the Group's directors and officers. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Company issues circulars to its directors



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Keppel has been actively engaging shareholders and the investment community through various platforms, such as site visit.

and officers informing that the Company and its officers must not deal in listed securities of the Company one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information.

APPENDIX

BOARD COMMITTEES – RESPONSIBILITIES

A. AUDIT COMMITTEE

- 1.1 Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.
- 1.2 Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
- 1.3 Review audit plans and reports of the external auditors and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.
- 1.4 Review the independence and objectivity of the external auditors.
- 1.5 Review the nature and extent of non-audit services performed by the auditors.
- 1.6 Meet with external auditors and internal auditors, without the presence of management, at least annually.
- 1.7 Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and

approve the remuneration and terms of engagement of the external auditors.

- 1.8 Review the adequacy and effectiveness of the Company's internal audit function, at least annually.
- 1.9 Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually.
- 1.10 Approve the hiring, removal evaluation and compensation of the head of the internal audit function, or the accounting / auditing firm or corporation to which the internal audit function is outsourced.
- 1.11 Review the policy and arrangements by which employees of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.
- 1.12 Review interested person transactions.
- 1.13 Investigate any matters within the Committee's purview, whenever it deems necessary.
- 1.14 Report to the Board on material matters, findings and recommendations.
- 1.15 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
- 1.16 Perform such other functions as the Board may determine.
- 1.17 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

B. BOARD RISK COMMITTEE

- 1.1 Receive, as and when appropriate, reports and recommendations from management on risk tolerance and strategy, and recommend to the Board for its determination the nature and extent of significant risks which the Group overall may take in achieving its strategic objectives and the overall Group's levels of risk tolerance and risk policies;
- 1.2 Review and discuss, as and when appropriate, with management the Group's risk governance structure and risk policies, risk mitigation and monitoring processes and procedures;
- 1.3 Receive and review at least quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks.
- 1.4 Review the Group's capability to identify and manage new risk types.
- 1.5 Review and monitor management's responsiveness to the findings and recommendations of Group Risk Management department.
- 1.6 Provide timely input to the Board on critical risk issues.
- 1.7 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
- 1.8 Perform such other functions as the Board may determine.
- 1.9 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

C. NOMINATING COMMITTEE

- 1.1 Recommend to the Board the appointment/re-appointment of directors.
- 1.2 Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.

- 1.3 Annual review of independence of each director, and to ensure that the Board comprises at least one-third independent directors. In this connection, the Nominating Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond nine years from the date of his first appointment.
- 1.4 Decide, where a director has other listed company board representation and/or other principal commitments, whether the director is able to and has been adequately carrying out his duties as director of the Company.
- 1.5 Recommend to the Board the process for the evaluation of the performance of the Board, the board committees and individual directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each director.
- 1.6 Annual assessment of the effectiveness of the Board as a whole and individual directors.
- 1.7 Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).
- 1.8 Review talent development plans.
- 1.9 Review the training and professional development programs for Board members;
- 1.10 Review and, if deemed fit, approve recommendations for nomination of candidates as nominee director (whether as chairman or member) to the board of directors of investee companies which are:
 - (i) listed on the Singapore Exchange or any other stock exchange;
 - (ii) managers or trustee-managers of any collective investment

schemes, business trusts, or any other trusts which are listed on the Singapore Exchange or any other stock exchange; and

- (iii) parent companies of the Company's core businesses which are unlisted (that is, as at the date hereof, Keppel Offshore & Marine Ltd and Keppel Infrastructure Holdings Pte. Ltd.),

- 1.11 Report to the Board on material matters and recommendations.
- 1.12 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
- 1.13 Perform such other functions as the Board may determine,
- 1.14 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as this Committee may deem fit.

D. REMUNERATION COMMITTEE

- 1.1 Review and recommend to the Board a framework of remuneration for Board members and key

management personnel, and the specific remuneration packages for each director as well as for the key management personnel.

- 1.2 Review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
- 1.3 Consider whether directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).

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Keppel Corporation's Board Safety Committee Chairman, Mr Tan Ek Kia (left) visited BrasFELS in May 2014 to better understand the yard's HSE programmes and practices.



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- 1.4 Administer the Company's employee share option scheme (the "KCL Share Option Scheme"), and the Company's Restricted Share Plan and Performance Share Plan (collectively, the "KCL Share Plans"), in accordance with the rules of the KCL Share Option Scheme and KCL Share Plans.
- 1.5 Report to the Board on material matters and recommendations.
- 1.6 Review the Committee's terms of reference annually and recommend any proposed changes to the Board.
- 1.7 Perform such other functions as the Board may determine.
- 1.8 Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Committee may deem fit.
- Save that a member of this Committee shall not be involved in the deliberations in respect of any remuneration, compensation, award of shares or any form of benefits to be granted to him.
- (E) BOARD SAFETY COMMITTEE**
- 1.1 Ensure there is a set of Group Health, Safety and Environment ("HSE") policies and standards to guide HSE operation and performance across the Group.
- 1.2 Monitor HSE performance of the Group companies, analyse trends and accident root causes, and recommend or propose Group-wide initiatives for improvement where appropriate to ensure a robust HSE management system is maintained.
- 1.3 Structure an audit programme of Group companies' HSE management programme to verify effectiveness and use its resources to lead the execution of such audits, drawing additional resources from the line where needed.
- 1.4 Make greater use of its HSE staff to lead serious accident investigations.
- 1.5 Review serious accident and near miss incident investigation reports timely to understand underlying root causes and introduce Group-wide initiatives or remedial measures where appropriate.
- 1.6 Follow up on key actions initiated by the Committee.
- 1.7 Ensure that each Group company complies with HSE legislation in the country in which it operates as a minimum.
- 1.8 Keep abreast of developments in the HSE world, discuss such developments and best practices and consider the desirability of implementation in the Group.
- 1.9 Introduce actions to enhance safety awareness and culture within the Group.
- 1.10 Ensure that the safety functions in Group companies are adequately resourced (in terms of number, qualification and budget) and have appropriate standing within the organisation.
- 1.11 Consider management's proposals on safety-related matters.
- 1.12 Carry out such investigations into safety-related matters as the Committee deems fit.
- 1.13 Report to the Board on material matters, findings and recommendations.
- 1.14 Perform such other functions as the Board may determine.
- 1.15 Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

NATURE OF CURRENT DIRECTORS' APPOINTMENTS AND MEMBERSHIP ON BOARD COMMITTEES

Director	Board Membership	Committee Membership				
		Audit	Nominating	Remuneration	Risk	Safety
Lee Boon Yang	Chairman	-	Member	Member	-	Member
Loh Chin Hua	Chief Executive Officer	-	-	-	-	Member
Tony Chew Leong-Chee	Independent	Member	Chairman	-	-	-
Oon Kum Loon	Independent	Member	-	Member	Chairman	-
Tow Heng Tan	Non-Independent & Non-Executive	-	Member	Member	Member	-
Alvin Yeo Khirn Hai	Independent	Member	Member	-	-	-
Tan Ek Kia	Independent	-	Member	-	Member	Chairman
Danny Teoh	Independent	Chairman	-	Chairman	Member	-
Tan Puay Chiang	Independent	-	-	-	Member	Member
Till Vestring	Independent	-	-	-	-	-

BOARD ASSESSMENT EVALUATION PROCESSES

Board

Each board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire direct to the Independent Co-ordinator ("IC") within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the directors, the IC prepares a consolidated report and briefs the Chairman of the Nominating Committee ("NC") and the Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

The Board differentiates the assessment of an executive director from that of a NED.

In the case of the assessment of the individual executive director, each NED is required to complete the executive director's assessment form and send the form directly to the IC within five working days. It is emphasised that the purpose of the assessment is to assess the executive director on his performance on the Board (as opposed to his executive performance). The executive director is not required to perform a self, nor a peer, assessment. Based on the returns from each of the NEDs, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion. The NC Chairman will thereafter meet with the executive director to provide the necessary feedback on his board performance with a view to improving his board performance and shareholder value.

As for the assessment of the performance of the NEDs, each director (both NEDs and executive director) is required to complete the NED's assessment form and send the form directly to the IC within five working days. Each NED is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion. The NC Chairman will thereafter meet with the NEDs individually to provide the necessary feedback on their respective board performance with a view to improving their board performance and shareholder value.

Chairman

The Chairman Evaluation Form is completed by each director (both non-executive and executive) and sent directly to the IC within five working days. Based on the returns, the IC prepares a consolidated report and briefs the NC Chairman and Board Chairman on the report. Thereafter, the IC presents the report to the Board for discussion.

PERFORMANCE CRITERIA

The performance criteria for the board evaluation are in respect of the board size, board and board committee composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and ensuring the integrity and quality of financial reporting to stakeholders, board committee performance in relation to discharging their responsibilities set out in their respective terms of reference.

The individual director's performance criteria are categorised into four segments; namely, (1) interactive skills (under which factors as to whether the director works well with other directors, and participates actively are taken into account); (2) knowledge (under which factors as to the director's industry and business knowledge, functional expertise, whether he provides valuable

inputs, his ability to analyse, communicate and contribute to the productivity of meetings, and his understanding of finance and accounts, are taken into consideration); (3) director's duties (under which factors as to the director's board committee work contribution, whether the director takes his role of director seriously and works to further improve his own performance, whether he listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); and (4) availability (under which the director's attendance at board and board committee meetings, whether he is available when needed, and his informal contribution via e-mail, telephone, written notes etc are considered).

The assessment of the Chairman of the Board is based on, among others, his ability to lead, whether he established proper procedures to ensure the effective functioning of the Board, whether he ensured that the time devoted to board meetings were appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision-making by the Board, whether he ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he guided discussions effectively so that there was timely resolution of issues, whether he ensured that meetings were conducted in a manner that facilitated open communication and meaningful participation, and whether he ensured that board committees were formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

KEPPEL WHISTLE-BLOWER PROTECTION POLICY

Keppel Whistle-Blower Protection Policy (the "Policy") took effect on 1 September 2004 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing

clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group or contract worker appointed by a company within the Group, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith, is:

- (a) dishonest, including but not limited to theft or misuse of resources within the Group;
- (b) fraudulent;
- (c) corrupt;
- (d) illegal;
- (e) other serious improper conduct;
- (f) an unsafe work practice; or
- (g) any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness.

The General Manager (Internal Audit) is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the Audit Committee (AC) Chairman on all matters arising under the Policy.

REPORTING MECHANISM

The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted. Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the AC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he may make the report directly to the Receiving Officer or the AC Chairman.

Other Whistle-Blowers may report a suspected Reportable Conduct to either the Receiving Officer or the AC Chairman.

All reports and related communications made will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

INVESTIGATION

The AC Chairman will review the information disclosed, interview the Whistle-Blower(s) when required and, either exercising his own discretion or in consultation with the other AC members, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to be taken. The AC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or

investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, the Company or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle-Blower, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

NO REPRISAL

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:

- (a) dismissal;
- (b) demotion;
- (c) suspension;
- (d) termination of employment / contract;
- (e) any form of harassment or threatened harassment;
- (f) discrimination; or
- (g) current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the AC Chairman) or directly to the AC Chairman. The AC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the AC Chairman will take into account the fact that he or she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him or her.

CODE OF CORPORATE GOVERNANCE 2012

Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Yes</p> <p>N.A.</p>
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	<p>(a) New investments or increase in investments exceeding \$30 million by any Group company (not separately listed);</p> <p>(b) Acquisition and disposal of assets exceeding \$30 million by any Group company (not separately listed);</p> <p>(c) Capital equipment purchase and/or lease exceeding \$30 million by any Group company (not separately listed), and</p> <p>(d) All commitments to term loans and lines of credit from banks and financial institutions by the Company</p>
Members of the Board		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>The Nominating Committee (NC) reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision making. Thereafter, in consultation with management, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.</p> <p>The NC is satisfied that the Board and board committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge of the Group, core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning and customer-based experience or knowledge required for the Board and the board committees to be effective.</p> <p>There is a process of refreshing the Board progressively.</p> <p>See Guideline 4.6 below on process for nomination of new directors and Board succession planning.</p>

Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>For new directors</p> <p>(a) The NC reviewed the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making.</p> <p>(b) In light of such review and in consultation with management, the NC assessed if there was any inadequate representation in respect of any of those attributes and determined the role and the desirable competencies for a particular appointment.</p> <p>(c) NC met with the short-listed candidates to assess suitability and to ensure that the candidates were aware of the expectations and the level of commitment required.</p> <p>(d) NC made recommendations to the Board for approval.</p> <p>For incumbent directors</p> <p>Pursuant to the Company's Articles of Association, one-third of the directors retire from office at the Company's annual general meeting, and a newly appointed director must submit himself for re-election at the annual general meeting immediately following his appointment.</p> <p>NC recommended the re-nomination of directors to the Board for approval, having regard to the director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual director by his peers.</p>
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes, all new directors undergo a comprehensive orientation programme.</p> <p>All directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, changes in the Companies Act, continuing listing obligations and industry-related matters.</p> <p>A training programme is also in place for directors in areas such as accounting, finance, risk governance and management, the roles and responsibilities of a director of a listed company and industry specific matters.</p>
Guideline 4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p>	<p>Directors should not have more than 6 listed company board representations and/or other principal commitments. This serves as a guide and the NC takes into account other factors in deciding on the capacity of director.</p> <p>Not Applicable</p>

(c) What are the specific considerations in deciding on the capacity of directors?

The NC takes into account the results of the annual assessment of the effectiveness of the individual director, and the respective directors' actual conduct on the Board, in determining whether a director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of the Company.

Board Evaluation

Guideline 5.1

(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?

An independent third party (the "Independent Co-ordinator") was appointed to assist in collating and analysing the returns of the board members for the annual assessment. Based on the returns from each of the directors, the Independent Co-ordinator prepared a consolidated report and briefed the Chairman of the NC and the Board Chairman on the report. Thereafter, the Independent Co-ordinator presented the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

The detailed process is set out on page 113 of the Corporate Governance Report.

(b) Has the Board met its performance objectives?

Yes

Independence of Directors

Guideline 2.1

Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.

Yes

Guideline 2.3

(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.

Yes, Mr Alvin Yeo is Senior Partner of WongPartnership LLP which is one of the law firms providing legal services to the Keppel Group.

Mr Tan Ek Kia is a non-executive and independent director on the board of Transocean Ltd which has business dealings with the Keppel Offshore & Marine Group.

Mr Till Vestring is a partner of Bain & Company's Southeast Asia office, which undertook a consulting assignment for the Company in early 2014.

(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.

Mr Alvin Yeo had declared to the NC that he did not have a 10% or more stake in WongPartnership LLP and did not involve himself in the selection and appointment of legal counsels for the Group. The NC also took into account Mr Yeo's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment, and agreed that Mr Yeo has at all times been exercising independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.

		<p>Mr Tan Ek Kia had declared to the NC that he was not involved in the negotiation of contracts or business dealings between the companies. The NC also took into account Mr Tan's actual performance on the Board and board committees and the outcome of the recent self and peer Individual Director Performance assessment and agreed that Mr Tan has at all times been exercising independent judgment in the best interests of the Company in the discharge of his director's duties and should therefore continue to be deemed an independent director.</p> <p>Mr Till Vestring had declared to the NC that (a) he would be joining the Board in his private and individual capacity, and not as an employee of Bain & Company, (b) he would not be involved in any future engagement of Bain & Company and therefore would have no financial gains from consulting services provided; and (c) he would recuse himself from any decision making process undertaken by the Board or board committees in connection with awarding a consultancy contract and Bain & Company was involved. The NC took into account Mr Vestring's declaration and agreed that he should be deemed an independent director.</p>
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	<p>Yes. Mr Tony Chew and Mrs Oon Kum Loon are both independent directors who have served on the Board for more than nine years from date of first appointment.</p> <p>The NC considered that Mr Chew and Mrs Oon have each demonstrated independent judgment at board, and board committee meetings, and was of the firm view that they have at all times been exercising independent judgment in the best interests of the Company in the discharge of their director's duties.</p>
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes
Guideline 9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p>	<p>Yes</p> <p>Aggregate remuneration paid: S\$22,893,803</p>
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No

Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	The total remuneration mix comprises 3 key components; that is, annual fixed cash, annual performance incentive, and the KCL Share Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances which the Company benchmarks with the relevant industry market median. The annual performance incentive is tied to the Company's, business unit's and individual employee's performance, inclusive of a portion which is tied to EVA performance. The KCL Share Plans are in the form of two share plans approved by shareholders, the KCL Restricted Share Plans ("KCL RSP") and the KCL Performance Share Plans ("KCL PSP"). The EVA performance incentive plan and the KCL Share Plans are long term incentive plans.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	The compensation structure is directly linked to corporate and individual performance, both in terms of financial, non-financial performance and the creation of shareholder wealth. The key performance indicators ("KPIs") for awarding of annual cash incentives are based on the four scorecard areas that the Company has identified as key to measuring the performance of the Group – (i) Commercial/Financial; (ii) Customers; (iii) Process; and (iv) People. For the long-term incentive plans, performance conditions that are aligned with shareholder interests such as ROE, Total Shareholder Return and EVA are selected for equity awards.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the performance conditions were met and the Remuneration Committee is satisfied that the quantum of performance-related bonuses and the value of shares vested under the KCL PSP and RSP to the senior executive directors, executive director and key management personnel was fair and appropriate taking into account the extent to which their KPIs for FY2014 were met. Please refer to pages 99 to 104 of the Corporate Governance Report for details.

Risk Management and Internal Controls

Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	The Company has adopted initiatives to put in place processes to ensure that the non-executive directors are well supported by accurate, complete and timely information, and have unrestricted access to management. These initiatives include regular informal meetings for management to brief the directors on prospective deals and potential developments at an early stage before formal board approval is sought, and the circulation of relevant information on business initiatives, industry developments and analyst and press commentaries on matters in relation to the Company or the industries in which it operates.
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A two-day off-site board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of the Group, to give the non-executive directors a better understanding of the Group and its businesses and to provide an opportunity for the non-executive directors to familiarise themselves with the management team so as to facilitate the Board's review of the Group's succession planning and leadership development programme.

Aside from board papers, management is also expected to provide the Board with accurate information in a timely manner concerning the Company's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing the Company.

Management also provides the Board members with management accounts on a monthly basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, of the Group's performance, financial position and prospects.

Management surfaces key risk issues for discussion and confers with the Board Risk Committee and the Board regularly.

Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board oversees the Group's system of internal controls and risk management with the support from Audit Committee and Board Risk Committee.</p> <p>Board's view on the adequacy and effectiveness of the Company's internal controls is based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors. The Audit Committee has concurred with this view.</p> <p>The Board's view on the adequacy and effectiveness of the Company's risk management system is based on the review of the Group's governing framework, systems, policies and processes in addressing the key risks under the Group's Risk Management Assessment Framework, the monitoring and review of the Group's overall performance and representation from the management. The Board Risk Committee has concurred with this view.</p>

	In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes
Guideline 12.6	<p>(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.</p> <p>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.</p>	<p>The estimated audit fees payable to the external auditors of the Company for FY 2014 is S\$1,550,000. Non audit services fees paid to external auditor of the Company amounted to S\$118,000.</p> <p>The Audit Committee undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditors would not affect their independence.</p>
Communication with Shareholders		
Guideline 15.4	<p>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?</p> <p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>Yes.</p> <p>In FY 2014, the Company hosted 360 meetings and conference calls with institutional investors, including several facility visits to its shipyards, plants and data centres in Singapore and Brazil. Management also traveled widely for non-deal roadshows to meet investors across countries.</p> <p>In addition to addressing the retail shareholders' questions over the phone and email, the Company also engaged retail shareholders' through its general meetings and long-term sponsorship of Securities Investors Association Singapore's Investor Education Programme.</p> <p>This role is performed by Group Communications Department (with assistance from the Group Finance and Group Legal Department, where required)</p> <p>Engagement with shareholders and other stakeholders take many forms including live webcasts of quarterly results briefings, email communications, publications and content on the Company's website as well as through facility visits. Senior management also meets with investors, analysts and the media, as well as participates in industry conferences to solicit and understand the views of the investment community.</p> <p>The Company launched its mobile-friendly website with live webcast features in February 2014, to enhance investors' access to company information via smartphones.</p>
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	N.A.

CODE OF CORPORATE GOVERNANCE 2012

Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in this Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Page 92
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 93
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 92
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 93
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Page 94
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Page 94
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not Applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 96 and 110
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 97
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Pages 96 and 97
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 21 to 25
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 98 and 113
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 98,99,111 and 112
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Page 99
Guideline 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 99 to 104
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 102 to 104

Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	Pages 102 and 103
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	Page 104
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000	Page 104
Guideline 9.5 Details and important terms of employee share schemes	Pages 137 to 138 and 163 to 166
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 99 to 104
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	Pages 106 to 108
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Pages 105 and 110
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Pages 105, 121 and 187 to 188
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 113 and 114
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Page 105
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Pages 108 and 109
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.	Not Applicable

Risk Management

We recognise that not all risks can be eliminated, especially in instances where the cost of minimising these risks outweighs the potential benefits. To optimise returns for the Group, we will only undertake appropriate and well-considered risks.



2014 was a challenging year for the Group. Falling oil prices and declining day rates in the offshore industry, installed capacity surplus in the power generation sectors and continued headwinds in some property markets present uncertainties, which reinforce the importance of risk management for the Group.

Remaining competitive in this dynamic environment requires a continuous, disciplined pursuit of new opportunities and revenue streams to grow the Group's businesses. A robust risk management system and astute processes will equip us to respond effectively to shifting business demands and seize opportunities to create value for our stakeholders.

ROBUST ENTERPRISE RISK MANAGEMENT FRAMEWORK

Our Board is responsible for governing risks and ensuring that management maintains a sound system of risk

management and internal controls to safeguard shareholders' interests and the Company's assets. Assisted by a Board Risk Committee (BRC), the Board provides valuable advice to the management in formulating the risk management framework as well as various risk policies and guidelines. Our management surfaces key risk issues for discussion and confers with the BRC and the Board regularly. An annual Assessment of Adequacy and Effectiveness of Keppel Group's Risk Management System is discussed in the BRC and the Board.

Terms of reference of the BRC are disclosed on page 110 of this Report.

The Board has put in place three risk tolerance guiding principles for the Group. These guiding principles serve to determine the nature and extent of the significant risks, which our Board is willing to take in achieving its strategic objectives.

01

Keppel Corporation's and Keppel Land's Board Safety Committees and senior management visited Keppel Land's Saigon Centre project site in Ho Chi Minh City.

These three risk tolerance guiding principles are:-

- (1) Risk taken should be carefully evaluated, commensurate with rewards and in line with the Group's core strengths and strategic objectives.
- (2) No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the entire Group.
- (3) The Group adopts zero tolerance towards safety incidents, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

Our risk governance framework is set out on pages 106-108 under Principle 11 (Risk Management and Internal Controls). This framework facilitates management and the BRC in determining the adequacy and effectiveness of the Group's risk management system. It is continuously improved upon to strengthen risk governance. During the year, Keppel Corporation implemented the Control Self-Assessment and a Group-wide IT risk assessment as part of our control assurance process.

Risk management is an integral part of strategic, operational and financial decision-making at all levels of the Group. Keppel's holistic approach to identifying and managing risks not only instills a strong risk ownership across the organisation but also reduces uncertainties associated with executing our strategies, allowing us to harness opportunities with agility.

Keppel's Enterprise Risk Management (ERM) framework, a component of Keppel's System of Management Controls, provides the Group with a holistic and systematic approach in risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes

and tools, as well as Group policies and limits, in addressing the key risks in the Group.

THE KEPPEL GROUP'S FIVE-STEP RISK MANAGEMENT PROCESS

The Group's five-step risk management process consists of risk identification, risk assessment, formulation of risk mitigation measures, communication & implementation, and monitoring & review. The assessment process takes into account both the impact and likelihood of the risks occurring, and also covers financial, operational and reputational aspects. Tools such as risk rating matrix, key risk indicator and risk register are used as part of this process.

Our ERM framework is reviewed regularly, taking into account changes in the business and operating environments. References are made to the Singapore Code of Governance, ISO31000 standards for Risk Management, ISO 22301 for Business Continuity Management (BCM) as well as the Guidebook for Audit Committees (2014).

We keep abreast of the latest developments and good practices in risk management by participating in seminars and interacting with field practitioners. An ERM Committee, comprising management-nominated champions across the business units, drives and coordinates risk management initiatives Group-wide.

As a Group, we take a balanced approach to risk management. We recognise that not all risks can be eliminated, especially in instances where the cost of minimising these risks outweighs the potential benefits. To optimise returns for the Group, we will only undertake appropriate and well-considered risks.

THE KEPPEL GROUP'S FIVE-STEP RISK MANAGEMENT PROCESS





01

Dr Thierry Apoteker, Chief Economist and CEO of Thierry Apoteker Consultant updated the directors and senior management on the global macroeconomic outlook.

STRATEGIC RISK

Strategic risks pertain to the Group's business plans and strategies, as well as uncertainties associated with the countries and industries in which Keppel operates. These include market driven forces, changing laws and regulations; evolving competitive landscape; changing customer demands, shifting technology and product innovation.

Risk considerations form an integral part of the Group's strategic and budget reviews, policy formulation and revision, projects, investments as well as in the assessment of management performance. Strategic risks are reviewed periodically with our Board to ensure that the Group is resilient in dealing with adversity and agile in pursuing opportunities.

At the macro level, the BRC guides the Group in formulating and reviewing its risk policies and limits. The Group's risk-related policies and limits are subject to periodic reviews to ensure that these remain relevant to support business objectives, effectively and proactively address risks faced in business operations, consider the prevailing business climate and are aligned to the Group's risk tolerance.

Our investment decisions are guided by investment parameters set on a

Group-wide basis. All major investments are subject to due diligence processes and are evaluated by the Investment and Major Project Action Committee (IMPAC) and/or the Board. This ensures that the potential investments are in line with the Group's strategic intent, investment or divestment objective, underlying risk factors and the required risk-adjusted rate of return. The IMPAC is supported by a working committee in ensuring that risk considerations are well thought-out.

This systematic evaluation process requires our investment team to identify and incorporate the risks and corresponding mitigating actions as part of their proposals. Investment risk assessment encompasses rigorous due diligence, feasibility studies and sensitivity analyses of key investment assumptions and variables. Some of the key risks considered pertain to whether the proposed investment is aligned to strategy, the financial viability of the business model, political and regulatory developments in the country of investment and the contractual risk implications to the Group.

Impact assessment and stress-testing analyses are performed to gauge the Group's exposure to changing market situations, as well as to enable informed decision-making and prompt mitigating actions. On a regular basis, we monitor changes in concentration exposures associated with investments in the countries where the Group operates. Close monitoring of the changes in the business, economic, political, regulatory and competitive landscape in our host countries gives the management better insights into impending developments.

OPERATIONAL RISK

The effectiveness and efficiency of our employees, integrity of internal controls, systems and processes, as well as external events are areas of risks associated to the Group's operations.

Integrating risk management processes with business operations and project execution across all

business units facilitates early risk detection and proactive management of these risks. Formalised guidelines, procedures, internal training and tools are used to provide guidance in assessing, mitigating and monitoring risks. Knowledge-sharing platforms are also advocated to propagate good practices and lessons learnt from various projects and operations.

The Group's operations are mainly project-based, and executed over extended periods of time. We adopt a standardised, systematic risk assessment and monitoring process to help manage the spectrum of key risks throughout the lifespan of each project. The tender team, comprising experts from different disciplines, evaluates the significant risks of potential projects. Particular attention is given to technically challenging and high-value projects, including green-field developments and those that involve new technology or operations in a new country.

As a pre-emptive measure, project reviews and quality assurance programmes are instituted to monitor and address key risks involving cost, schedule and quality at the execution stage. Health, safety and environmental risks are key areas subjected to close monitoring and oversight by dedicated committees.

Project teams and management also use Key Risk Indicators (KRIs) as early warning signals of related execution risks. These systems have been established to ensure that projects are completed on time, within budget and safely, while achieving the quality standards and specifications defined in the contracts with customers.

As part of our risk-mitigating actions, we regularly review the scope, type and adequacy of our insurance coverage taking into account the availability of such cover and its cost, as well as the likelihood and magnitude of potential risks involved. This exercise is carried out with the advice and support of selected insurance brokers.

FINANCIAL RISK

Financial risk management relates to the Group's ability to meet financial obligations and mitigate credit, liquidity, currency, interest rate and price risks. The Group's policies and financial authority limits are reviewed periodically to incorporate changes in the operating and control environment.

The Group continues to focus on improving financial discipline, deploying its capital to earn the best risk-adjusted returns and maintaining a strong balance sheet to seize opportunities. Examples of these processes include evaluating counterparties against pre-established guidelines. For more details on financial risk management, please refer to pages 86-87 of this Report.

BOLSTERING OPERATIONAL READINESS

We are committed to enhancing the Group's operational resilience through a robust BCM plan that will equip us to respond effectively to potential crises and external threats, while minimising any impact on our people, operations and assets. Our BCM methodology involves enterprise-wide planning, the prioritising of key resources and working with stakeholders to support business continuity.

Led by their BCM committees, business units in various locations conduct a range of simulations under a broad spectrum of disruption to enhance their operational preparedness. These plans are being tested and refined frequently to ensure that the responses developed are feasible and effective. The business continuity plan enables the Group to respond effectively to disruptions resulting from internal and external events, while continuing with critical business functions.

The Group's crisis management and communication plans are also continually reviewed and refined to equip us to respond to crises in an orderly and coordinated way, as well as to expedite recovery.

The focus is on building resilience and capabilities to counter crises effectively and safeguard the interest of key stakeholders and the Group's reputation. Crisis communication procedures have also been embedded into the Group's BCM processes.

ENHANCING RISK-CENTRIC CULTURE

Effective risk management hinges equally on mindsets and attitudes, as well as systems and processes. Our management is committed to fostering a strong risk-centric culture in the Group, which encourages prudent risk-taking in decision-making and business processes.

ERM workshops are conducted regularly to enhance risk management competency of management staff. Continuous education and communications through various forums and in-house publications have also helped to reinforce discipline and awareness among employees. Group-wide surveys are also conducted to gauge the level of risk awareness in the Group. The Company also seeks to raise staff accountability for risk management through the performance evaluation process.

PROACTIVE RISK MANAGEMENT

We are constantly scanning for emergent threats that may affect our businesses. Through close collaboration with stakeholders, we will continue to review our risk management system to ensure that it remains adequate and effective. This will allow the Group to capitalise on growth opportunities while managing the risks of a challenging business environment.

Environmental Performance



By enhancing our resource efficiency, developing energy-efficient products and services, leveraging emissions-reducing technology and supporting conservation activities, Keppel strives to conduct its businesses in an environmentally-benign manner.

ENHANCING RESOURCE EFFICIENCY

Keppel Logistics leveraged cross-business synergies with Keppel DHCS to implement chilled water air-conditioning systems for its warehouses and office buildings, which have generated reductions in electricity consumption since 2H 2014.

Keppel Shipyard developed a regenerative energy system for its Tuas Tower Crane which turns the inertia generated from crane movements into electricity to lower the energy input for operations.

Resource consumption is regularly reported to senior management. We optimise water use by reusing water, using NEWater (high-grade reclaimed water) and improving water fittings and processes. To minimise waste, we recycle materials such as scrap metals at our shipyards and waste-to-energy (WTE) plants.

We have begun to harness renewable energy. The one megawatt peak (MWp) photovoltaic cell rooftop installation at Keppel Seghers Ulu Pandan NEWater Plant generated some 1,300 megawatt hours (MWh) of renewable energy in 2014.

INTEGRATING ENERGY EFFICIENCY

For incorporating energy efficiency into its projects, Keppel Land was named the Building and Construction Authority of Singapore (BCA) Green Mark Champion 2014. By end-2015, all of Keppel Land's completed properties in Singapore will meet the Green Mark Gold^{Plus} standard. All new projects in Singapore and overseas will achieve at least the BCA Green Mark Gold^{Plus} and Gold standards respectively.

Keppel Datahub 2 was the first newly built data centre in Singapore to achieve the Platinum Award for BCA-IDA Green Mark, the highest green accolade awarded by BCA and Infocomm Development Authority of Singapore for data centres.

MANAGING IMPACTS

The Group's Energy Efficiency Committee oversees our carbon management strategy. Keppel aims

to achieve a 16% improvement in its greenhouse gas (GHG) intensity indicator from 2020 business-as-usual (BAU) levels, aligned with Singapore's aim to reduce GHG by 16% below 2020 BAU levels, contingent on a legally-binding global agreement.

Emissions from our power generation and WTE businesses in 2014 were well within the limits stipulated by Singapore's Code on Pollution Control and the European Union Waste Incineration Directive (2000/76/EC).

KOMtech developed an exhaust gas desulfurisation system for marine engine exhausts, enabling ship owners to mitigate environmental impact when using conventional marine fuel oil in sea areas designated as Emission Control Areas.

ENGAGING STAKEHOLDERS

To inculcate a green mindset amongst stakeholders, Keppel Land collaborated with Royal Philips to offer its tenants a zero-capex scheme to replace existing conventional office lamps with energy-efficient Light-Emitting Diode (LED) lighting. Royal Philips and tenants will share the projected cost efficiencies of up to 60%.

Product Excellence

4th

Keppel Land was ranked fourth in the Global 100 Most Sustainable Corporations in the World 2015.

01

Keppel Datahub 2 (right) was the first newly built data centre in Singapore to achieve the Platinum Award for BCA-IDA Green Mark by BCA and IDA.

02

Keppel FELS set a Guinness World Record for delivering 21 rigs in 2013.

The Keppel brand has grown to become synonymous with world-class execution, quality and innovation.

EXECUTION EXCELLENCE

Keppel Offshore & Marine (Keppel O&M) continues to strengthen its robust delivery track record. In 2014, its subsidiary Keppel FELS, a world leader in the design and construction of high-performance mobile offshore rigs, was conferred a Guinness World Record as the "largest manufacturer of offshore rigs" for delivering 21 rigs in 2013.

A leading sustainable developer, Keppel Land was ranked fourth in the Global 100 Most Sustainable Corporations in the World 2015, coming up top in Asia and amongst real estate companies globally.

Keppel Seghers, a subsidiary of Keppel Infrastructure, is a leading provider of imported waste-to-energy (WTE) solutions. For its engineering excellence, Keppel Seghers' WTE Plant in Bao'an, Shenzhen, China, was the only WTE plant to achieve a "National Outstanding Engineering Project" Gold Medal from the China Association of Construction Enterprise Management.

INNOVATION DRIVE

Spurred by a culture of innovation, Keppel stays at the forefront of its chosen industries.

Keppel Shipyard has undertaken the world's first conversion of a Floating Liquefaction Vessel utilising a constructability methodology that improves productivity and safety, leveraging the yard's valuable experience from past conversion projects.

To advance innovation in energy-efficient building solutions, Keppel Land pledged its support to the Green Building Innovation Cluster, established by the Building and Construction Authority of Singapore to explore collaborative projects and large scale test-bedding of innovative technologies.

GEOGRAPHIC DIVERSIFICATION

Keppel continues to seek out growth opportunities with its *Near Market*, *Near Customer* strategy.

Fortifying its capability to serve the domestic market in China, Keppel O&M signed a conditional agreement to manage the Titan Shipyard in Quanzhou. Keppel Land made its maiden investment in the United States with a prime residential development in Manhattan, New York City. Elsewhere, Keppel Logistics expanded to Australia with a 10,000 square metres warehouse in Brisbane.

CUSTOMER HEALTH & SAFETY

Keppel exercises due care and diligence in the design, construction and operation of its products and services to ensure they are fit for use and do not pose health or safety hazards. We monitor potential health and safety impacts throughout the life cycle of our products and services, mitigating them where necessary.

COMPLIANCE

Keppel subscribes to best practices and complies with all applicable legislations and requirements. In 2014, the Group did not identify any non-compliance with laws, regulations and voluntary codes concerning the provision, use, health and safety of its products and services.



Labour Practices & Human Rights



Our people are our greatest asset; their pride, passion and commitment are essential to the Group's success. Committed to be an employer of choice, we adopt fair and ethical labour practices, respect human rights and empower employees to realise their full potential.

FAIR EMPLOYMENT PRACTICES

In Singapore, we support the principles of the Tripartite Alliance for Fair Employment Practices and endorse the Tripartite Alliance's Employers' Pledge of Fair Employment Practices. We comply with local labour regulations across our global operations and with minimum wage laws, where such laws exist.

HUMAN RIGHTS

As articulated in our Corporate Statement on Human Rights, Keppel upholds and respects the fundamental principles set out in the United Nations Universal Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Our approach to human rights is informed and guided by general concepts from the United Nations Guiding Principles on Business and Human Rights.

Our commitment to human rights is supported by our Employee Code of Conduct, which applies to our over 40,000 employees in more than 30 countries. About 46% of our global workforce is covered by Collective Agreements.

SKILLS DEVELOPMENT

We encourage and enable employees

to pursue professional development opportunities. In 2014, Keppel invested \$14.2 million in the training and development of our employees globally.

Besides collaborating with reputable business schools and industry experts to develop leadership programmes, we have established training centres for employees to upgrade their technical skills and qualifications.

Keppel's commitment to provide employees with multiple pathways to success was lauded by Singapore's Prime Minister Lee Hsien Loong during his National Day Rally Speech in 2014. Mr Lee's comments drew from his experiences visiting Keppel O&M in Singapore and interviewing employees.

EMPLOYEE ENGAGEMENT

We engage our employees through channels that enhance communication and camaraderie.

During town hall meetings, Keppel's senior management engage employees in insightful dialogues. Keppel Young Leaders provides high-potential employees with additional exposure to senior management and peers in other business units through initiatives such as annual symposiums, case studies and strategic reviews.

To promote friendly competition, ignite team spirit and encourage healthy lifestyles, Keppelite Recreation Club organises the annual Keppel Games, a series of sports competitions open to all employees.

\$14.2m

Invested in the training and development of our employees globally.

"Keppel illustrates that you can progress by acquiring deep skills and knowledge throughout your career...by learning on the job, or by going for higher qualifications as you work and progress swiftly, or both."

Mr Lee Hsien Loong
Prime Minister of Singapore

01

The Keppel Games promotes friendly competition, ignites team spirit and encourages healthy lifestyles among employees.

02

Our commitment to uphold a strong safety culture extends to our entire workforce, including employees and subcontractors.

Safety & Health

Safety is a Keppel core value and impacts decisions at every level across the Group. Keppel is committed to create an incident-free workplace for all our stakeholders.

The Keppel Corporation Board Safety Committee (BSC), supported by the Inter-Strategic Business Unit Safety Committee, leads efforts to implement initiatives and improve performance.

HIGH-LEVEL COMMITMENT

Underscoring Keppel's strong safety culture, the BSC and senior management conduct site visits to engage operational staff. In 2014, the BSC visited Keppel Offshore & Marine's BrasFELS yard in Angra dos Reis, Brazil; Keppel Land's projects in Ho Chi Minh City, Vietnam; and Keppel Infrastructure's Senoko Waste-to-Energy Plant in Singapore.

Senior management reviewed safety objectives and discussed strategies to strengthen alignment across the Group during sessions such as a CEO roundtable with Ken Woodward, who

holds an Order of the British Empire (O.B.E.) for services to health and safety.

HOLISTIC APPROACH

Recognising that fatigue and poor health often contribute to accidents, we implement comprehensive and holistic measures to improve the well-being of our workforce.

In 2014, Keppel Shipyard completed the construction of a Well-Being and Support Centre which will provide holistic health and medical services, as well as counselling for workers. Initiatives at other business units include exercise programmes and healthy lifestyle campaigns.

SUBCONTRACTOR ENGAGEMENT

To ensure that our safety messages are understood by our multinational and multicultural workforce, especially subcontractors, Keppel Shipyard has trained experienced foreign workers as mentors to discuss Workplace Safety and Health (WSH) issues with fellow workers in their native language.

The Keppel Safety Training Centre educates contractors and subcontractors on topics such as working at height and fire-fighting to ensure alignment with the Group's safety practices.

INCIDENT REDUCTION

Despite our best efforts, our Accident Frequency Rate and Accident Severity Rate increased in 2014 as we suffered four fatalities globally. We are deeply saddened by the loss of our colleagues. We have thoroughly investigated the incidents and reviewed our existing control measures to prevent similar incidents from recurring.

SAFETY PERFORMANCE

In recognition of Keppel's commitment to improve workplace safety, Singapore's WSH Council and the Ministry of Manpower awarded the Group 39 WSH Awards in 2014.

We will continue to refine our processes to further strengthen our safety culture for the benefit of all our stakeholders.



02

Our Community

As communities thrive, we thrive. Shaped by this belief, we conduct our businesses in a socially responsible manner and commit up to 1% of the Group's annual net profits to worthy social causes.

CARING FOR THE COMMUNITY

Across our global operations, we reach out to the underprivileged and needy. In Vietnam, Keppel Land's Water for Life and Words on Wheels programmes help improve the quality of life for the less fortunate. In the Philippines, Keppel Batangas Shipyard provides vocational training for local out-of-school youth to equip them with employment skills and opportunities.

KEPPEL CARE FOUNDATION

Keppel Care Foundation, a registered charity under Singapore's Charities Act, coordinates and sustains the Group's community contributions to provide assistance to the underprivileged, promote education and encourage eco-friendly initiatives.

KEPPEL VOLUNTEERS

Our community efforts are bolstered by a robust culture of volunteerism. In 2014, Keppel Volunteers led regular activities with beneficiaries such as Bright Hill Evergreen Home and our

adopted charity, the Association for Persons with Special Needs. Since 2008, Keppel Volunteers has organised blood donation drives held in multiple business units in Singapore to make it easier for Keppelites to donate.

SUPPORTING THE ARTS

Keppel Corporation sponsors Keppel Nights, a partnership with Esplanade – Theatres on the Bay that cultivates a love for the arts among students from heartland schools by giving them access to world-class performances.

To nurture a new generation of creative and critical thinkers, Keppel Corporation committed \$12 million to the National Art Gallery to establish the Keppel Centre for Art Education, slated to open in 2H 2015.

Keppel Corporation was named a Distinguished Patron of the Arts by Singapore's National Arts Council for the seventh consecutive year in 2014.

ADVOCATING SUSTAINABILITY

To strengthen thought leadership on sustainable urban and environmental solutions, Keppel sponsored the World Cities Summit, Singapore International Water Week and CleanEnviro Summit Singapore in 2014.

As Gold Members of Singapore Compact, Keppel Corporation and Keppel Land supported the International Singapore Compact Corporate Social Responsibility Summit 2014 where business leaders, academics and policy makers shared insights on achieving sustainable growth.

LEE KUAN YEW WORLD CITY PRIZE

To stimulate innovation in urban development that creates vibrant, liveable and sustainable communities, Keppel Corporation extended its sole sponsorship of the Lee Kuan Yew World City Prize with a further commitment of \$1.75 million in 2014, bringing our total commitment to \$3.5 million. The contribution will sponsor another five cycles of the biennial award from 2020 to 2028.

01

The Group gives back to the communities where we operate through outreach activities and community contributions.



Directors' Report & Financial Statements

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Directors' Report

For the financial year ended 31 December 2014

The Directors present their report together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

1. Directors

The Directors of the Company in office at the date of this report are:

Lee Boon Yang (Chairman)
 Loh Chin Hua (Chief Executive Officer) (appointed on 1 January 2014)
 Tony Chew Leong-Chee
 Oon Kum Loon (Mrs)
 Tow Heng Tan
 Alvin Yeo Khirn Hai
 Tan Ek Kia
 Danny Teoh
 Tan Puay Chiang
 Till Bernhard Vestring (appointed on 16 February 2015)

2. Audit Committee

The Audit Committee of the Board of Directors comprises four independent non-executive Directors. Members of the Committee are:

Danny Teoh (Chairman)
 Tony Chew Leong-Chee
 Oon Kum Loon (Mrs)
 Alvin Yeo Khirn Hai

The Audit Committee carried out its function in accordance with the Singapore Companies Act, including the following:

- Reviewed audit scopes, plans and reports of the Company's external auditors and internal auditors and considered effectiveness of actions/policies taken by management on the recommendations and observations;
- Reviewed the assistance given by the Company's officers to the auditors;
- Carried out independent review of quarterly financial reports and year-end financial statements;
- Examined effectiveness of financial, operational, compliance and information technology controls;
- Reviewed the independence and objectivity of the external auditors annually;
- Reviewed the nature and extent of non-audit services performed by external auditors;
- Met with external auditors and internal auditors, without the presence of management, at least annually;
- Ensured that the internal audit function is adequately resourced and has appropriate standing within the Company, at least annually;
- Reviewed interested person transactions; and
- Investigated any matters within the Audit Committee's term of reference, whenever it deemed necessary.

The Audit Committee has recommended to the Board of Directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate other than the KCL Restricted Share Plan, KCL Performance Share Plan and Remuneration Shares to Directors of the Company.

4. Directors' interests in shares and debentures

According to the Register of Directors' shareholdings kept by the Company for the purpose of Section 164 of the Singapore Companies Act, none of the Directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and related corporations, except as follows:

	1.1.2014	Holdings At 31.12.2014	21.1.2015
Keppel Corporation Limited			
<i>(Ordinary shares)</i>			
Lee Boon Yang	53,000	173,000	173,000
Loh Chin Hua	25,000	180,212	180,212
Loh Chin Hua (deemed interest)	38,500	38,500	38,500
Tony Chew Leong-Chee	20,000	25,000	25,000
Oon Kum Loon (Mrs)	63,200	69,200	69,200
Oon Kum Loon (Mrs) (deemed interest)	54,000	54,000	54,000
Tow Heng Tan	19,888	24,888	24,888
Tow Heng Tan (deemed interest)	28,789	28,789	28,789
Alvin Yeo Khirn Hai	15,225	19,225	19,225
Alvin Yeo Khirn Hai (deemed interest)	32,000	32,000	32,000
Tan Ek Kia	6,825	10,825	10,825
Danny Teoh	31,825	37,825	37,825
Tan Puay Chiang	23,600	27,600	27,600
Tan Puay Chiang (deemed interest)	7,103	7,103	7,103
<i>(Unvested restricted shares to be delivered after 2012)</i>			
Loh Chin Hua	51,762	25,881	25,881
<i>(Unvested restricted shares to be delivered after 2013)</i>			
Loh Chin Hua	87,995	58,664	58,664
<i>(Contingent award of restricted shares to be delivered after 2014)¹</i>			
Loh Chin Hua	-	150,000	150,000
<i>(Contingent award of performance shares issued in 2012 to be delivered after 2014)²</i>			
Loh Chin Hua	77,643	77,643	77,643
<i>(Contingent award of performance shares issued in 2013 to be delivered after 2015)²</i>			
Loh Chin Hua	93,171	93,171	93,171
<i>(Contingent award of performance shares issued in 2014 to be delivered after 2016)²</i>			
Loh Chin Hua	-	180,000	180,000
<i>(3.145% Fixed Rate Notes due 2022)</i>			
Tan Puay Chiang	\$250,000	\$250,000	\$250,000
Keppel Land Limited			
<i>(Ordinary shares)</i>			
Loh Chin Hua	99,600	150,400	150,400
Oon Kum Loon (Mrs)	2,000	14,000	14,000
Tow Heng Tan (deemed interest)	95	95	95
Alvin Yeo Khirn Hai (deemed interest)	10,000	10,000	10,000
Tan Ek Kia	11,400	11,400	11,400
Danny Teoh	100,000	100,000	100,000

4. Directors' interests in shares and debentures (continued)

	1.1.2014	Holdings At 31.12.2014	21.1.2015
<i>(Contingent award of performance shares issued in 2011 to be delivered after 2013)²</i>			
Loh Chin Hua	96,000	-	-
<i>(3.51% Fixed Rate Notes due 2015)</i>			
Tan Puay Chiang	\$250,000	\$250,000	\$250,000
<i>(3.90% Fixed Rate Notes due 2024)</i>			
Tan Puay Chiang	\$250,000	\$250,000	\$250,000
KEPPEL REIT			
<i>(Units)</i>			
Lee Boon Yang	14,840	14,840	14,840
Loh Chin Hua	7,000	7,000	7,000
Loh Chin Hua (deemed interest)	556,160	556,160	556,160
Tony Chew Leong-Chee	5,600	5,600	5,600
Oon Kum Loon (Mrs)	17,696	17,696	17,696
Oon Kum Loon (Mrs) (deemed interest)	12,320	12,320	12,320
Tow Heng Tan	5,568	5,568	5,568
Tow Heng Tan (deemed interest)	8,070	8,070	8,070
Alvin Yeo Khirn Hai	4,263	4,263	4,263
Alvin Yeo Khirn Hai (deemed interest)	108,960	108,960	108,960
Tan Ek Kia	1,911	1,911	1,911
Danny Teoh	8,911	8,911	8,911
Tan Puay Chiang	12,000	12,000	12,000
Tan Puay Chiang (deemed interest)	6,000	6,000	6,000
KEPPEL DC REIT			
<i>(Units)</i>			
Oon Kum Loon (Mrs)	-	75,000	75,000
Alvin Yeo Khirn Hai	-	75,000	75,000
Tan Puay Chiang	-	75,000	75,000

1 Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to the number stated.

2 Depending on the achievement of pre-determined performance targets, the actual number of shares to be released could range from zero to 150% of the number stated.

5. Directors' receipt and entitlement to contractual benefits

Since the beginning of the financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the notes to the financial statements and salaries, bonuses and other benefits in their capacity as directors of the Company which are disclosed in the Corporate Governance Report.

6. Share options of the Company

Details of share options granted under the KCL Share Option Scheme ("Scheme") are disclosed in Note 3 to the financial statements.

No options to take up Ordinary Shares ("Shares") were granted during the financial year. There were 4,936,211 Shares issued by virtue of exercise of options and options to take up 325,600 Shares were cancelled during the financial year. At the end of the financial year, there were 19,570,504 Shares under option as follows:

Date of grant	Number of Share Options			Exercise price	Date of expiry
	Balance at 1.1.2014	Exercised	Cancelled		
11.02.05	11,000	-	-	\$3.42	10.02.15
11.08.05	272,800	(253,000)	-	\$5.07	10.08.15
09.02.06	335,500	(253,000)	-	\$5.21	08.02.16
10.08.06	961,900	(678,900)	-	\$6.36	09.08.16
13.02.07	2,074,400	(402,500)	-	\$7.70	12.02.17
10.08.07	6,473,200	(1,841)	(325,600)	\$11.17	09.08.17
14.02.08	3,119,300	(763,700)	-	\$8.46	13.02.18
14.08.08	3,701,100	(523,670)	-	\$8.73	13.08.18
05.02.09	1,117,600	(241,500)	-	\$3.07	04.02.19
06.08.09	2,932,485	(810,000)	-	\$6.86	05.08.19
09.02.10	3,833,030	(1,008,100)	-	\$6.89	08.02.20
	<u>24,832,315</u>	<u>(4,936,211)</u>	<u>(325,600)</u>		
					<u>19,570,504</u>

There are no options granted to any of the Company's controlling shareholders or their associates under the Scheme.

7. Share plans of the Company

The KCL Performance Share Plan ("KCL PSP") and KCL Restricted Share Plan ("KCL RSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010.

Details of share plans awarded under the KCL PSP and KCL RSP are disclosed in Note 3 to the financial statements.

The number of contingent Shares granted was 577,400 under KCL PSP and 4,750,386 under KCL RSP during the financial year. The number of Shares released was 636,100 under KCL PSP and 4,309,301 under KCL RSP during the financial year. 636,100 Shares under the KCL PSP and 4,225,457 Shares under KCL RSP were vested during the financial year. 131,020 Shares under the KCL RSP were cancelled during the financial year. At the end of the financial year, there were 1,748,725 contingent Shares under the KCL PSP and 4,639,784 contingent Shares and 3,993,440 unvested Shares under the KCL RSP as follows:

Contingent awards:

Date of grant	Number of Shares					Balance at 31.12.2014
	Balance at 1.1.2014	Contingent awards granted	Adjustments upon release	Released	Cancelled	
KCL PSP						
30.6.2011	662,550	-	(26,450)	(636,100)	-	-
29.6.2012	634,798	-	-	-	(18,192)	616,606
28.3.2013	603,985	-	-	-	(49,266)	554,719
31.3.2014	-	577,400	-	-	-	577,400
	<u>1,901,333</u>	<u>577,400</u>	<u>(26,450)</u>	<u>(636,100)</u>	<u>(67,458)</u>	<u>1,748,725</u>
KCL RSP						
28.3.2013	4,383,491	-	-	(4,309,301)	(74,190)	-
31.3.2014	-	4,750,386	-	-	(110,602)	4,639,784
	<u>4,383,491</u>	<u>4,750,386</u>	<u>-</u>	<u>(4,309,301)</u>	<u>(184,792)</u>	<u>4,639,784</u>

Directors' Report

7. Share plans of the Company (continued)**Awards released but not vested:**

Date of grant	Number of Shares				Balance at 31.12.2014
	Balance at 1.1.2014	Released	Vested	Cancelled	
KCL PSP					
30.6.2011	-	636,100	(636,100)	-	-
	-	636,100	(636,100)	-	-
KCL RSP					
30.6.2011	1,333,933	-	(1,324,202)	(9,731)	-
29.6.2012	2,706,683	-	(1,384,232)	(47,177)	1,275,274
28.3.2013	-	4,309,301	(1,517,023)	(74,112)	2,718,166
	4,040,616	4,309,301	(4,225,457)	(131,020)	3,993,440

The information on Directors of the Company participating in the KCL RSP and the KCL PSP is as follows:

Contingent awards:

Name of Director	Contingent awards granted during the financial year	Aggregate awards granted since commencement of plans to the end of financial year	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards not released as at the end of financial year
KCL RSP				
Loh Chin Hua	150,000	314,757	(164,757)	150,000
KCL PSP				
Loh Chin Hua	180,000	350,814	-	350,814

Awards released but not vested:

Name of Director	Aggregate awards released since commencement of plans to the end of financial year	Aggregate awards vested since commencement of plans to the end of financial year	Aggregate awards released but not vested as at the end of financial year
KCL RSP			
Loh Chin Hua	164,757	(80,212)	84,545

There are no contingent award of Shares granted to any of the Company's controlling shareholders or their associates under the KCL RSP and the KCL PSP.

No director or employee received more than 5 percent or more of the total number of contingent award of Shares granted to date.

8. Share options and share plans of subsidiaries

The particulars of share options and share plans of subsidiaries of the Company are as follows:

(a) Keppel Land Limited ("Keppel Land")

At the end of the financial year, unissued shares of Keppel Land Limited under option comprised \$499,800,000 principal amount of 1.875% Convertible Bonds due 2015 at a conversion price of \$6.72 per share and 1,977,120 options under the Keppel Land Share Option Scheme. In addition, there were 956,719 unvested shares and 2,073,719 contingent shares granted under Keppel Land Restricted Share Plan, and 1,410,000 contingent shares granted under Keppel Land Performance Share Plan at the end of the financial year. Details and terms of the options and share plans have been disclosed in the Directors' Report and financial statements of Keppel Land Limited.

(b) Keppel Telecommunications & Transportation Ltd ("Keppel T&T")

At the end of the financial year, there were 800,000 unissued shares of Keppel Telecommunications & Transportation Ltd under option relating to Keppel T&T Share Option Scheme. In addition, there were 747,600 unvested shares and 1,015,000 contingent shares granted under Keppel T&T Restricted Share Plan, and 325,000 contingent shares granted under Keppel T&T Performance Share Plan at the end of the financial year. Details and terms of the options and share plans have been disclosed in the Directors' Report of Keppel Telecommunications & Transportation Ltd.

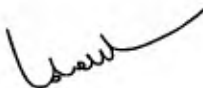
9. Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board



Lee Boon Yang
Chairman



Loh Chin Hua
Chief Executive Officer

Singapore, 25 February 2015

Statement by Directors

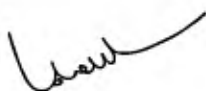
For the financial year ended 31 December 2014

We, LEE BOON YANG and LOH CHIN HUA being two Directors of Keppel Corporation Limited, do hereby state that in the opinion of the Directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 142 to 215 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

On behalf of the Board



Lee Boon Yang
Chairman



Loh Chin Hua
Chief Executive Officer

Singapore, 25 February 2015

Independent Auditors' Report

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to the Members of Keppel Corporation Limited

For the financial year ended 31 December 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Keppel Corporation Limited ("Company") and its subsidiaries ("Group") which comprise the balance sheets of the Group and the Company as at 31 December 2014, the profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 142 to 215.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

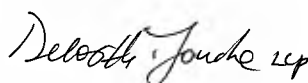
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



DELOITTE & TOUCHE LLP

Public Accountants and Chartered Accountants
Singapore

Cheung Pui Yuen
Partner
Appointed on 21 April 2011

25 February 2015

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Balance Sheets

As at 31 December 2014

		Group		Company	
	Note	31 December 2014 \$'000	31 December 2013 \$'000	31 December 2014 \$'000	31 December 2013 \$'000
Share capital	3	1,287,595	1,205,877	1,287,595	1,205,877
Reserves	4	9,093,167	8,495,304	4,542,906	4,489,022
Share capital & reserves		10,380,762	9,701,181	5,830,501	5,694,899
Non-controlling interests	5	4,346,879	3,987,682	-	-
Capital employed		14,727,641	13,688,863	5,830,501	5,694,899
Represented by:					
Fixed assets	6	2,673,015	3,798,279	694	882
Investment properties	7	1,987,515	2,187,858	-	-
Subsidiaries	8	-	-	5,067,567	5,094,452
Associated companies	9	4,988,444	5,482,173	-	-
Investments	10	358,366	264,745	-	-
Long term assets	11	258,397	278,917	321	218
Intangibles	12	101,732	86,240	-	-
		10,367,469	12,098,212	5,068,582	5,095,552
Current assets					
Stocks & work-in-progress in excess of related billings	13	10,681,123	8,994,726	-	-
Amounts due from:					
- subsidiaries	14	-	-	4,100,374	3,465,513
- associated companies	14	630,552	1,037,206	471	9,430
Debtors	15	2,509,589	1,915,747	26,288	33,804
Short term investments	16	371,451	445,073	-	-
Bank balances, deposits & cash	17	5,736,001	5,564,656	2,308	2,466
		19,928,716	17,957,408	4,129,441	3,511,213
Assets classified as held for sale	18	1,258,640	-	-	-
		21,187,356	17,957,408	4,129,441	3,511,213
Current liabilities					
Creditors	19	5,432,754	5,284,617	492,168	228,167
Billings on work-in-progress in excess of related costs	13	2,397,376	2,714,983	-	-
Provisions	20	149,526	163,603	-	-
Amounts due to:					
- subsidiaries	14	-	-	1,004,570	951,328
- associated companies	14	137,188	71,699	-	3
Term loans	21	1,795,635	516,665	290,511	160,838
Taxation	28	462,699	465,387	14,000	19,575
Bank overdrafts	22	-	473	-	-
		10,375,178	9,217,427	1,801,249	1,359,911
Liabilities directly associated with assets classified as held for sale	18	450,017	-	-	-
		10,825,195	9,217,427	1,801,249	1,359,911
Net current assets		10,362,161	8,739,981	2,328,192	2,151,302
Non-current liabilities					
Term loans	21	5,586,908	6,582,861	1,500,000	1,500,000
Deferred taxation	23	266,412	441,889	-	4,933
Other non-current liabilities	19	148,669	124,580	66,273	47,022
		6,001,989	7,149,330	1,566,273	1,551,955
Net assets		14,727,641	13,688,863	5,830,501	5,694,899

See accompanying notes to the financial statements.

Consolidated Profit and Loss Account

For the financial year ended 31 December 2014

	Note	2014 \$'000	2013 \$'000
Revenue	24	13,282,979	12,380,419
Materials and subcontract costs		(9,244,629)	(8,603,659)
Staff costs	25	(1,732,964)	(1,668,237)
Depreciation and amortisation		(265,136)	(242,292)
Other operating income		333,170	268,138
Operating profit	26	2,373,420	2,134,369
Investment income	27	11,936	14,033
Interest income	27	133,104	144,189
Interest expenses	27	(134,024)	(124,718)
Share of results of associated companies	9	504,176	625,867
Profit before tax		2,888,612	2,793,740
Taxation	28	(462,362)	(397,366)
Profit for the year		2,426,250	2,396,374
Attributable to:			
Shareholders of the Company		1,884,798	1,845,792
Non-controlling interests		541,452	550,582
		2,426,250	2,396,374
Earnings per ordinary share	29		
- basic		103.8 cts	102.3 cts
- diluted		102.8 cts	101.2 cts

See accompanying notes to the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	2014 \$'000	2013 \$'000
Profit for the year	2,426,250	2,396,374
Items that may be reclassified subsequently to profit and loss account:		
Available-for-sale assets		
- Fair value changes arising during the year	(47,295)	13,552
- Realised and transferred to profit and loss account	(34,553)	28
Cash flow hedges		
- Fair value changes arising during the year	(505,083)	(204,730)
- Realised and transferred to profit and loss account	(24,112)	7,468
Foreign exchange translation		
- Exchange difference arising during the year	128,500	73,628
- Realised and transferred to profit and loss account	23,570	37,876
Share of other comprehensive income of associated companies		
- Available-for-sale assets	(3,732)	(5,847)
- Cash flow hedges	14,401	(2,152)
- Foreign exchange translation	23,650	2,881
Items that will not be reclassified to profit and loss account:		
Share of other comprehensive income of associated companies		
- Revaluation surplus	996	-
Other comprehensive income for the year, net of tax	(423,658)	(77,296)
Total comprehensive income for the year	2,002,592	2,319,078
Attributable to:		
Shareholders of the Company	1,393,768	1,721,456
Non-controlling interests	608,824	597,622
	2,002,592	2,319,078

See accompanying notes to the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2014

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non- controlling Interests \$'000	Capital Employed \$'000
Group							
2014							
As at 1 January	1,205,877	500,753	8,301,117	(306,566)	9,701,181	3,987,682	13,688,863
Total comprehensive income for the year							
Profit for the year	-	-	1,884,798	-	1,884,798	541,452	2,426,250
Other comprehensive income *	-	(606,009)	-	114,979	(491,030)	67,372	(423,658)
Total comprehensive income for the year	-	(606,009)	1,884,798	114,979	1,393,768	608,824	2,002,592
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	-	-	(762,906)	-	(762,906)	-	(762,906)
Share-based payment	-	53,701	-	-	53,701	2,327	56,028
Purchase of treasury shares	-	(48,665)	-	-	(48,665)	-	(48,665)
Transfer of statutory, capital and other reserves from revenue reserves	-	2,092	(2,092)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(265,603)	(265,603)
Cash subscribed by non-controlling shareholders	-	-	-	-	-	12,196	12,196
Shares issued	81,718	(47,422)	-	-	34,296	-	34,296
Contributions to defined benefits plans	-	13,228	-	-	13,228	1,501	14,729
Other adjustments	-	-	18	-	18	-	18
Total contributions by and distributions to owners	81,718	(27,066)	(764,980)	-	(710,328)	(249,579)	(959,907)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	-	-	-	-	-	7,204	7,204
Acquisition of additional interest in subsidiaries	-	(5,678)	1,819	-	(3,859)	(5,736)	(9,595)
Disposal of interest in subsidiaries	-	-	-	-	-	(1,516)	(1,516)
Total change in ownership interests in subsidiaries	-	(5,678)	1,819	-	(3,859)	(48)	(3,907)
Total transactions with owners	81,718	(32,744)	(763,161)	-	(714,187)	(249,627)	(963,814)
As at 31 December	1,287,595	(138,000)	9,422,754	(191,587)	10,380,762	4,346,879	14,727,641

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

See accompanying notes to the financial statements.

Statements of Changes in Equity

	Attributable to owners of the Company						
	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Foreign Exchange Translation Account \$'000	Share Capital & Reserves \$'000	Non-controlling Interests \$'000	Capital Employed \$'000
Group							
2013							
As at 1 January	1,123,590	682,263	7,815,216	(375,117)	9,245,952	4,332,174	13,578,126
Total comprehensive income for the year							
Profit for the year	-	-	1,845,792	-	1,845,792	550,582	2,396,374
Other comprehensive income *	-	(192,887)	-	68,551	(124,336)	47,040	(77,296)
Total comprehensive income for the year	-	(192,887)	1,845,792	68,551	1,721,456	597,622	2,319,078
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividend paid	-	-	(1,356,523)	-	(1,356,523)	-	(1,356,523)
Share-based payment	-	52,813	-	-	52,813	1,610	54,423
Transfer of statutory, capital and other reserves to revenue reserves	-	1,102	(1,102)	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	(174,629)	(174,629)
Cash subscribed by non-controlling shareholders	-	-	-	-	-	65,348	65,348
Shares issued	82,287	(42,538)	-	-	39,749	-	39,749
Other adjustments	-	-	-	-	-	(1,069)	(1,069)
Total contributions by and distributions to owners	82,287	11,377	(1,357,625)	-	(1,263,961)	(108,740)	(1,372,701)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	-	-	-	-	-	23,535	23,535
Acquisition of additional interest in subsidiaries	-	-	(2,266)	-	(2,266)	(259)	(2,525)
Disposal of interest in subsidiaries	-	-	-	-	-	(859,713)	(859,713)
Disposal of interest in subsidiaries without loss of control	-	-	-	-	-	3,063	3,063
Total changes in ownership interests in subsidiaries	-	-	(2,266)	-	(2,266)	(833,374)	(835,640)
Total transactions with owners	82,287	11,377	(1,359,891)	-	(1,266,227)	(942,114)	(2,208,341)
As at 31 December	1,205,877	500,753	8,301,117	(306,566)	9,701,181	3,987,682	13,688,863

* Details of other comprehensive income have been included in the consolidated statement of comprehensive income.

See accompanying notes to the financial statements.

	Share Capital \$'000	Capital Reserves \$'000	Revenue Reserves \$'000	Capital Employed \$'000
Company				
2014				
As at 1 January	1,205,877	188,432	4,300,590	5,694,899
Profit/total comprehensive income for the year	-	-	862,575	862,575
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(762,906)	(762,906)
Share-based payment	-	50,284	-	50,284
Shares issued	81,718	(47,422)	-	34,296
Purchase of treasury shares	-	(48,665)	-	(48,665)
Other adjustments	-	-	18	18
Total transactions with owners	81,718	(45,803)	(762,888)	(726,973)
As at 31 December	1,287,595	142,629	4,400,277	5,830,501
Company				
2013				
As at 1 January	1,123,590	180,396	4,401,538	5,705,524
Profit/total comprehensive income for the year	-	-	1,255,575	1,255,575
Transactions with owners, recognised directly in equity				
Dividend paid	-	-	(1,356,523)	(1,356,523)
Share-based payment	-	50,574	-	50,574
Shares issued	82,287	(42,538)	-	39,749
Total transactions with owners	82,287	8,036	(1,356,523)	(1,266,200)
As at 31 December	1,205,877	188,432	4,300,590	5,694,899

See accompanying notes to the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	2014 \$'000	2013 \$'000
Operating activities			
Operating profit		2,373,420	2,134,369
Adjustments:			
Depreciation and amortisation		265,136	242,292
Share-based payment expenses		56,461	55,362
Profit on sale of fixed assets and an investment property		(289,214)	(3,865)
Write-back of provision for restructuring of operations		(4,752)	(43,088)
Gain on disposal of subsidiaries		(48,647)	(307,726)
Gain on disposal of associated companies		(145,184)	-
Impairment/write-off of fixed assets		7,746	1,482
Fair value gain on investment properties		(54,569)	(156,284)
Write-back of impairment of investments		(47,971)	(2,818)
Operational cash flow before changes in working capital		2,112,426	1,919,724
Working capital changes:			
Stocks & work-in-progress		(2,181,890)	(7,443)
Debtors		(764,052)	(416,516)
Creditors		257,521	(130,472)
Investments		(99,496)	(60,219)
Intangibles		(10)	(769)
Advances to/from associated companies		1,008,696	(107,618)
		333,195	1,196,687
Interest received		130,371	145,058
Interest paid		(130,818)	(120,080)
Income taxes paid, net of refunds received		(328,031)	(584,931)
Net cash from operating activities		4,717	636,734
Investing activities			
Acquisition of subsidiaries	A	(268,768)	(103,555)
Acquisition and further investment in associated companies		(398,680)	(472,791)
Acquisition of fixed assets and investment properties		(594,931)	(936,060)
Disposal of subsidiaries	B	125,097	534,062
Proceeds from disposal of fixed assets and an investment property		973,588	33,088
Proceeds from disposal of associated companies and return of capital		629,910	-
Dividends received from investments and associated companies		410,401	267,391
Net cash from/(used in) investing activities		876,617	(677,865)
Financing activities			
Acquisition of additional interest in subsidiaries		(9,600)	-
Proceeds from share issues		34,296	39,749
Proceeds from non-controlling shareholders of subsidiaries		12,196	65,348
Proceeds from disposal of interest in a subsidiary without loss of control	C	-	135,513
Proceeds from term loans		1,066,375	5,154,702
Repayment of term loans		(794,844)	(3,024,586)
Purchase of treasury shares		(48,665)	-
Dividend paid to shareholders of the Company		(762,906)	(668,506)
Dividend paid to non-controlling shareholders of subsidiaries		(265,603)	(174,629)
Net cash (used in)/ from financing activities		(768,751)	1,527,591
Net increase in cash and cash equivalents		112,583	1,486,460
Cash and cash equivalents as at beginning of year		5,557,601	4,036,523
Effects of exchange rate changes on the balance of cash held in foreign currencies		42,167	34,618
Cash and cash equivalents as at end of year	D	5,712,351	5,557,601

See accompanying notes to the financial statements.

Notes to Consolidated Statement of Cash Flows**A. Acquisition of subsidiaries**

During the financial year, the fair values of net assets of subsidiaries acquired were as follows:

	2014 \$'000	2013 \$'000
Fixed assets	21,352	67,643
Investment properties	-	133,420
Investment in associated company	14	-
Intangibles	16,757	-
Stocks and work-in-progress	-	325,264
Debtors and other assets	12,817	1,681
Bank balances and cash	1,432	6,775
Shareholders' loans	-	(122,911)
Creditors	(8,056)	(5,562)
Borrowings	(11,486)	(50,607)
Current and deferred taxation	(102)	(51,472)
Total identifiable net assets at fair value	32,728	304,231
Non-controlling interests measured at non-controlling interests' proportionate share of the net assets	(7,204)	(23,535)
Amount previously accounted for as associated companies	(4,243)	(45,498)
Fair value gain on remeasurement of previously held equity interests in subsidiaries acquired	(219)	-
Goodwill arising from acquisition	1,472	-
Gain on bargain purchase arising from acquisition	(113)	-
Net assets acquired	22,421	235,198
Payment of deferred consideration for prior year's acquisition of a subsidiary	247,779	-
Assumption of shareholders' loans	-	122,911
Total purchase consideration	270,200	358,109
Less: Deferred payments	-	(247,779)
Less: Bank balances and cash acquired	(1,432)	(6,775)
Cash flow on acquisition	268,768	103,555

Significant acquisitions during the year mainly relates to acquisition of additional interest in Indo-Trans Keppel Logistics Vietnam Co., Ltd, from 40% to 51% and additional interest in Securus Partners Pte Ltd from 50% to 100%. Payment of deferred consideration relates to Shanghai Jinju Real Estate Development Co. Ltd ("Shanghai Jinju"). The newly acquired subsidiaries had no material impact on the Group's consolidated statement of comprehensive income, both from the dates of their acquisitions as well as assuming their acquisitions had been effected as at 1 January 2014.

In the prior year, the Group acquired the remaining 50% interest in Parksville, 100% interest in Shanghai Jinju, which owns a residential site in Sheshan, Songjiang District in Shanghai for development of landed homes and 60% interest in a river port in Sanshui, Guangdong Province.

See accompanying notes to the financial statements.

Consolidated Statement
of Cash Flows**Notes to Consolidated Statement of Cash Flows (continued)****B. Disposal of subsidiaries**

During the financial year, the book values of net assets of subsidiaries disposed were as follows:

	2014 \$'000	2013 \$'000
Fixed assets	(7,019)	(9,371)
Investment properties	-	(3,757,083)
Investment in associated company	(49,426)	(1,941,645)
Intangible assets	(457)	(15,549)
Stocks and work-in-progress	(116)	(123,156)
Debtors and other assets	(37,028)	(122,852)
Bank balances and cash	(3,084)	(91,200)
Creditors and other liabilities	20,187	171,058
Borrowings	-	2,424,159
Current and deferred taxation	862	13,827
Non-controlling interests deconsolidated	1,516	859,713
	(74,565)	(2,592,099)
Amount accounted for as associated company	-	1,407,821
Amount accounted for as amount owing from associated company	-	222,651
Distribution of dividend <i>in specie</i>	-	688,017
Net assets disposed of	(74,565)	(273,610)
Net profit on disposal	(48,647)	(307,726)
Realisation of foreign currency translation reserve and capital reserve	(7,699)	(43,926)
Sale proceeds	(130,911)	(625,262)
Less: Bank balances and cash disposed	3,084	91,200
Less: Deferred proceeds	2,730	-
Cash flow on disposal	(125,097)	(534,062)

Significant disposals in the year include the sale of entire interest in Berich Enterprises Limited, divestment of Boxel Investments Limited, which holds a 30% interest in Securus Guernsey 2 Limited, and divestment of Keppel FMO Pte Ltd.

In the prior year, the Group completed the divestment of a subsidiary, Montfort Development Pte Ltd, which has a 50% interest in Hotel Sedona Manado in Indonesia, the deconsolidation of Keppel REIT due to loss of control and the disposal of 51% interest in PTMSS and PTMSM, which jointly developed a township development Jakarta Garden City in Jakarta, Indonesia.

C. Disposal of interest in a subsidiary without loss of control

In the prior year, the Group disposed of its 30% interest in its subsidiary, Sherwood Development Pte Ltd to a wholly-owned subsidiary company of Vanke Property (Hong Kong) Company Limited. There was no gain or loss arising from this disposal as the 30% interest was sold at its net carrying value.

D. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2014 \$'000	2013 \$'000
Bank balances, deposits and cash	5,736,001	5,564,656
Bank overdrafts	-	(473)
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	(23,650)	(6,582)
	5,712,351	5,557,601

See accompanying notes to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of its principal place of business and registered office is 1 HarbourFront Avenue #18-01, Keppel Bay Tower, Singapore 098632.

The Company's principal activity is that of an investment holding and management company.

The principal activities of the companies in the Group consist of:

- offshore oil-rig construction, shipbuilding & shiprepair and conversion;
- environmental engineering, power generation, logistics and data centres;
- property development & investment and property fund management; and
- investments.

There has been no significant change in the nature of these principal activities during the financial year.

The financial statements of the Group for the financial year ended 31 December 2014 and the balance sheet and statement of changes in equity of the Company at 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2015.

2. Significant accounting policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Adoption of New and Revised Standards

In the current year, the Group adopted the new/revised FRS that are effective for annual periods beginning on or after 1 January 2014. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The following are the new or amended FRS that are relevant to the Group:

Revised FRS 27	Separate Financial Statements
Revised FRS 28	Investments in Associates and Joint Ventures
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities

The adoption of the above new or amended FRS did not have any significant impact on the financial statements of the Group, except as disclosed below:

FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The adoption of FRS 112 has no significant impact on the accounting policies of the Group. The Group has incorporated the additional disclosures required by FRS 112 in the financial statements.

2. Significant accounting policies (continued)**(b) Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at the balance sheet date.

The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of acquisition or disposal. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued, liabilities incurred or assumed at the date of exchange and the fair values of any contingent consideration arrangement and any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised in the profit and loss account as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests, except for deferred tax assets/liabilities, share-based related accounts and assets held for sale.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group derecognises all assets (including any goodwill), liabilities and non-controlling interests at their carrying amounts. Amounts previously recognised in other comprehensive income in respect of that former subsidiary are reclassified to the profit and loss account or transferred directly to revenue reserves if required by a specific Standard. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in the profit and loss account.

On a transaction-by-transaction basis, the measurement of non-controlling interests is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in the profit and loss account.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests in a subsidiary on their respective interests in a subsidiary, even if this result in the non-controlling interests having a deficit balance.

(c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. Profits or losses on disposal of fixed assets are included in the profit and loss account.

Depreciation of fixed assets is calculated on a straight-line basis to write off the cost of the fixed assets over their estimated useful lives. No depreciation is provided on freehold land and capital work-in-progress. The estimated useful lives of other fixed assets are as follows:

Buildings on freehold land	20 to 50 years
Leasehold land & buildings	Over period of lease (ranging from 5 to 80 years)
Vessels & floating docks	10 to 20 years
Plant, machinery & equipment	1 to 30 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(d) Investment Properties

Investment properties comprise completed properties and properties under construction or re-development held to earn rental and/or for capital appreciation. Investment properties are initially recognised at cost and subsequently measured at fair value, determined annually based on valuations by independent professional valuers. Changes in fair value are recognised in the profit and loss account.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the profit and loss account.

Where there is a change in use, transfers to or from investment properties to another asset category are at the carrying values of the properties at the date of transfer.

(e) Subsidiaries

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiary is stated in the financial statements of the Company at cost less accumulated impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and carrying amount of the investment is taken to profit or loss.

(f) Associated Companies

An associated company is an entity, not being a subsidiary, over which the Group has significant influence, but not control.

Investments in associated companies are stated in the Company's financial statements at cost less any impairment losses. On disposal of an associated company, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit and loss account.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment loss, if any. The Group's share of profit or loss and other comprehensive income of the associated company is included in the consolidated profit and loss account and other comprehensive income respectively. The Group's share of net assets of the associated company is included in the consolidated balance sheet.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the profit and loss account.

2. Significant accounting policies (continued)**(g) Intangibles****Goodwill**

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment losses. If the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the profit and loss account as a bargain purchase gain.

Management Rights

Management rights acquired is initially recognised at cost and subsequently carried at cost less accumulated impairment losses. The useful life of the management rights is estimated to be indefinite because management believes there is no foreseeable limit to the period over which the management rights is expected to generate net cash inflows for the Group.

Other Intangible Assets

Intangible assets include development expenditure and customer contracts. Costs incurred which are expected to generate future economic benefits are recognised as intangibles and amortised on a straight line basis over their useful lives, ranging from 3 to 17 years.

(h) Investments

Investments are classified as held for trading or available-for-sale. Investments acquired for the purpose of selling in the short term are classified as held for trading. Other investments held by the Group are classified as available-for-sale.

Investments are recognised and derecognised on the trade date where the purchase or sale of an investment is under a contract whose terms required delivery of investment within the timeframe established by the market concerned.

Investments are initially measured at fair value plus transaction costs except for investments held for trading, which are recognised at fair value. For unquoted equity investments whose fair value cannot be reliably measured using alternative valuation methods, they are carried at cost less any impairment loss.

For investments held for trading, gains and losses arising from changes in fair value are included in the profit and loss account.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the profit and loss account.

The fair value of investments that are traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price is the current bid prices. The fair value of investments that are not traded in an active market is determined using valuation techniques. Such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis.

(i) Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in fair value of derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account.

For cash flow hedges, the effective portion of the gains or losses on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in the profit and loss account. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction affects the profit and loss account.

The fair value of forward foreign currency contracts is determined using forward exchange market rates at the balance sheet date. The fair value of High Sulphur Fuel Oil ("HSFO") and Dated Brent forward contracts is determined using forward HSFO and Dated Brent prices provided by the Group's key counterparty. The fair value of interest rate caps and interest rate swaps are based on valuations provided by the Group's bankers.

(j) Financial Assets

Financial assets include cash and bank balances, trade, intercompany and other receivables and investments. Trade, intercompany and other receivables are stated initially at fair value and subsequently at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits and are subject to an insignificant risk of changes in value.

(k) Stocks & Work-in-Progress

Stocks, consumable materials and supplies are stated at the lower of cost and net realisable value, cost being principally determined on the weighted average method.

Work-in-progress is stated at the lower of cost (comprising direct labour, material costs, direct expenses and an appropriate allocation of production overheads) and net realisable value, which is arrived at after providing for anticipated losses, if any, when the possibility of loss is ascertained.

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, financing charges and other net costs incurred during the period of construction.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overheads expenditure, and financing charges incurred during the period of development. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. Upon completion of construction, they are transferred to completed properties held for sale.

Each property under development is accounted for as a separate project. Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project, and interest and other net costs are apportioned accordingly.

Progress claims made against work-in-progress are offset against the cost of work-in-progress and the profits recognised on partly completed long-term contracts less any provision required to reduce cost to estimated realisable value.

2. Significant accounting policies (continued)

(i) Impairment of Assets

Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor and default or significant delay in payments are objective evidence that the financial assets are impaired. The carrying amount of these assets is reduced through the use of an allowance account and the loss is recognised in the profit and loss account. When the asset becomes uncollectible, the carrying amount is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively measured, the previously recognised impairment loss is reversed to the extent that the carrying amount does not exceed the amortised cost had no impairment been recognised in the prior periods. The amount of reversal is recognised in the profit and loss account.

Investments

Significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investment is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account - is removed from equity and recognised in the profit and loss account. For available-for-sale investments, impairment losses previously recognised in the profit and loss account are not reversed through the profit and loss account until the investment is disposed of.

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an associated company is tested for impairment as part of the investment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination.

An impairment loss is recognised in the profit and loss account when the carrying amount of the cash-generating unit, including goodwill, exceeds the recoverable amount of the cash-generating unit. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Other Non-Financial Assets

Tangible and intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Management rights are tested for impairment annually and whenever there is an indication that the management rights may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for cash-generating unit to which the asset belongs.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of an asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as impairment loss in the profit and loss account. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit and loss account.

(m) Financial Liabilities and Equity Instruments

Financial liabilities include trade, intercompany and other payables, bank loans and overdrafts. Trade, intercompany and other payables are stated initially at fair value and subsequently at amortised cost. Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit and loss account over the period of the borrowings using the effective interest method.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision for warranties is set up upon completion of a contract to cover the estimated liability which may arise during the warranty period. This provision is based on service history. Any surplus of provision will be written back at the end of the warranty period while additional provisions where necessary are made when known. These liabilities are expected to be incurred over the applicable warranty periods.

Provision for claims is made for the estimated cost of all claims notified but not settled at the balance sheet date, less recoveries, using the information available at the time. Provision is also made for claims incurred but not reported at the balance sheet date based on historical claims experience, modified for variations in expected future settlement. The utilisation of provisions is dependent on the timing of claims.

(o) Leases

When a group company is the lessee

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are taken to the profit and loss account on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2. Significant accounting policies (continued)**When a group company is the lessor*****Finance leases***

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at fair values. Rental income (net of any incentive given to lessee) is recognised on a straight-line basis over the lease term.

(p) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(q) Revenue

Revenue consists of:

- Revenue recognised on contracts, under the completion of construction method;
- Revenue recognised on contracts, under the percentage of completion method when the outcome of the contract can be estimated reliably;
- Invoiced value of goods and services;
- Rental income from investment properties; and
- Investment income, interest and fee income.

Revenue recognition

Revenue from rigbuildings, shipbuildings and repairs, and long term engineering contracts is recognised based on the percentage of completion method in proportion to the stage of completion and provided the outcome of such work can be reliably estimated. The percentage of completion is measured by reference to the percentage of the physical proportion of the contract work completed as determined by engineers' estimates. Where applicable, anticipated losses on contracts in progress are recognised in the profit and loss account.

Revenue recognition on partly completed properties, which are held for sale is based on the following methods:

- For Singapore trading properties under progressive payment scheme, revenue and profit are recognised on the percentage-of-completion method to reflect the continuous transfer of significant risks and rewards of the ownership of the properties to the purchasers as construction progresses. The percentage of work completion is measured based on the construction and related costs incurred to date as a proportion of the estimated total construction and related costs;
- For Singapore trading projects under deferred payment scheme and overseas trading properties, profit recognition is recognised upon the transfer of significant risks and rewards of ownership to the purchasers under the completion of construction method; and
- Where a project comprises more than one component or phase with a separate temporary occupation permit, each component or phase is treated as a separate project.

When losses are expected, they are recognised in full in the accounts after adequate allowance has been made for estimated costs to completion. Any expenditure incurred on abortive projects is written off in the profit and loss account.

Revenue from the sale of products is recognised upon shipment to customers and collectibility of the related receivables is reasonably assured. Sales are stated net of goods and services tax and sales returns.

Revenue from the rendering of services including electricity supply and logistic services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

Rental income from operating leases on investment properties are recognised on a straight-line basis over the lease term.

Dividend income from investments is recognised when the right to receive payment is established, and in the case of fixed interest bearing investments, on a time proportion basis using the effective interest method.

Interest income is recognised on a time proportion basis using the effective interest method.

(r) Borrowing Costs

Borrowing costs incurred to finance the development of properties and acquisition of fixed assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are taken to the profit and loss account over the period of borrowing using the effective interest rate method.

(s) Employee Benefits

Defined Contribution Plan

The Group makes contributions to pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies make contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Contributions to pension schemes are recognised as an expense in the period in which the related service is performed.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

Share Option Scheme and Share Plans

The Group operates share-based compensation plans. The fair value of the employee services received in exchange for the grant of options, restricted shares and performance shares is recognised as an expense in the profit and loss account with a corresponding increase in the share option and share plan reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair values of the options, restricted shares and performance shares granted on the respective dates of grant.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable and share plan awards that are expected to vest on the vesting dates, and recognises the impact of the revision of the estimates in the profit and loss account, with a corresponding adjustment to the share option and share plan reserve over the remaining vesting period.

No expense is recognised for options or share plan awards that do not ultimately vest, except for options or share plan awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The proceeds received from the exercise of options are credited to share capital when the options are exercised. When share plan awards are released, the share plan reserve is transferred to share capital if new shares are issued.

2. Significant accounting policies (continued)**(t) Income Taxes**

Current income tax is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The principal temporary differences arise from depreciation, valuation of investment properties, unremitted offshore income and future tax benefits from certain provisions not allowed for tax purposes until a later period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the profit and loss account, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(u) Foreign Currencies**Functional Currency**

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency").

The financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore Dollars, which is the functional currency of the Company.

Foreign Currency Transactions

Transactions in foreign currencies are translated at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at exchange rates approximating those ruling at that date. Exchange differences arising from translation of monetary assets and liabilities are taken to the profit and loss account. Exchange differences on non-monetary items such as investments held for trading are reported as part of the fair value gain or loss. Exchange differences on non-monetary items are also recognised in other comprehensive income.

Foreign Currency Translation

For inclusion in the Group's financial statements, the assets and liabilities of foreign subsidiaries and associated companies that are in functional currencies other than Singapore Dollars are translated into Singapore Dollars at the exchange rates ruling at the balance sheet date. The trading results of foreign subsidiaries and associated companies are translated into Singapore Dollars using the average exchange rates for the financial year. Exchange differences due to such currency translation are recognised in other comprehensive income and accumulated in a separate component of equity. Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as non-monetary foreign currency assets and liabilities of the acquiree and recorded at the closing exchange rate.

(v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(w) Segment Reporting

The Group has four reportable segments, namely Offshore & Marine, Infrastructure, Property and Investments. Management monitors the results of each of these operating segments for the purpose of making decisions on resource allocation and performance assessment.

(x) Critical Accounting Estimates and Judgements**(i) Critical judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, the management is of the opinion that there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations and as follows:

Control over Keppel REIT

The Group has approximately 45% gross ownership interest of units in Keppel REIT as at 31 December 2014 and 2013. Keppel REIT is managed by Keppel REIT Management Limited ("KRML"), a wholly-owned subsidiary of the Group. The Group has provided an undertaking to the trustee of Keppel REIT to grant the unitholders the right to endorse or re-endorse the appointment of directors of KRML at the annual general meetings of Keppel REIT. The Group has determined that it continues to have significant influence over Keppel REIT.

Control over Keppel Infrastructure Trust

The Group has 49% gross ownership interest of units in Keppel Infrastructure Trust ("KIT") as at 31 December 2014 and 2013. Determining whether the Group has control over KIT requires management to exercise its judgement. In exercising its judgement, management considers the proportion of its voting rights and whether it can control the relevant activities of KIT. The business purpose and relevant activities of KIT are stated in the Deed of Trust which requires a special resolution to amend. In addition, the Board of Directors of KIT/Keppel Infrastructure Fund Management Pte Ltd, its trustee-manager, comprises more than 50% independent directors. Management concluded that the Group does not have sufficient dominant vesting interest to exert control over KIT and the Deed of Trust and therefore the Group only has significant influence over KIT.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a loan and receivable is impaired. The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of trade, intercompany and other receivables are disclosed in the balance sheet. As at 31 December 2014, the Group has credit risk exposure to an external group of companies for receivables that are past due. Management has considered any changes in the credit quality of the debtors when determining the allowance for doubtful receivables. Management performs on-going assessments on the ability of its debtors to repay the amounts owing to the Group. These assessments include the review of the customers' credit-standing and the ability of customers to secure long-term financing for the ongoing projects. Management has assessed that no allowance for doubtful debt is required.

Impairment of available-for-sale investments

The Group follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The fair values of available-for-sale investments are disclosed in the balance sheet.

2. Significant accounting policies (continued)**Impairment of non-financial assets**

Determining whether the carrying value of a non-financial asset is impaired requires an estimation of the value in use of the cash-generating units. This requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of fixed assets, investment properties and intangibles are disclosed in the balance sheet.

Revenue recognition

The Group recognises contract revenue based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2(q). Significant assumptions are required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and contract cost and the recoverability of the contracts. In making the assumption, the Group evaluates by relying on past experience and the work of engineers. Revenue from construction contracts is disclosed in Note 24.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and the amount that it is probable will be accepted by the customer can be measured reliably.

Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of taxation and deferred taxation are disclosed in the balance sheet.

Claims, litigations and reviews

The Group entered into various contracts with third parties in its ordinary course of business and is exposed to the risk of claims, litigations, latent defects or review from the contractual parties and/or government agencies. These can arise for various reasons, including change in scope of work, delay and disputes, defective specifications or routine checks etc. The scope, enforceability and validity of any claim, litigation or review may be highly uncertain. In making its judgement as to whether it is probable that any such claim, litigation or review will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal and technical expertise.

3. Share capital

	Group and Company			
	Number of Ordinary Shares ("Shares")			
	Issued Share Capital		Treasury Shares	
	2014	2013	2014	2013
Balance at 1 January	1,807,970,459	1,797,607,004	-	-
Issue of shares under the share option scheme	4,936,211	5,335,750	-	-
Issue of shares under KCL PSP	636,100	1,092,100	-	-
Issue of shares under KCL RSP	4,225,457	3,935,605	-	-
Treasury shares purchased	-	-	5,932,000	-
Balance at 31 December	1,817,768,227	1,807,970,459	5,932,000	-

	Amount (\$\$'000)			
	Issued Share Capital		Treasury Shares	
	2014	2013	2014	2013
Balance at 1 January	1,205,877	1,123,590	-	-
Issue of shares under the share option scheme	34,315	39,729	-	-
Issue of shares under KCL PSP	5,418	6,128	-	-
Issue of shares under KCL RSP	41,985	36,430	-	-
Treasury shares purchased	-	-	48,665	-
Balance at 31 December	1,287,595	1,205,877	48,665	-

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends declared by the Company.

During the financial year, the Company issued 4,936,211 (2013: 5,335,750) Shares at an average weighted price of \$6.95 (2013: \$7.45) per Share for cash upon exercise of options under the KCL Share Option Scheme.

During the financial year, 636,100 (2013: 1,092,100) Shares under the KCL Performance Share Plan ("KCL PSP") and 4,225,457 (2013: 3,935,605) Shares under the KCL Restricted Share Plan ("KCL RSP") were vested.

The Company acquired 5,932,000 (2013: nil) treasury shares in the Company in the open market during the financial year. The total amount paid was \$48,665,000 (2013: \$nil) and this is presented as a component within shareholders' equity (Note 4). There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the financial year.

KCL Share Option Scheme

The KCL Share Option Scheme ("Scheme"), which has been approved by the shareholders of the Company, is administered by the Remuneration Committee whose members are:

Danny Teoh
Lee Boon Yang
Oon Kum Loon (Mrs)
Tow Heng Tan

At the Extraordinary General Meeting of the Company held on 23 April 2010, the Company's shareholders approved the adoption of two new share plans, with effect from the date of termination of the Scheme. The Scheme was terminated on 30 June 2010. Options granted and outstanding prior to the termination will continue to be valid and subject to the terms and conditions of the Scheme.

Under the Scheme, an option may, except in certain special circumstances, be exercised at any time after two years but no later than the expiry date. The two-year vesting period is intended to encourage employees to take a longer-term view of the Company.

3. Share capital (continued)

The Shares under option may be exercised in full or in respect of 100 Shares or a multiple thereof, on the payment of the subscription price. The subscription price is based on the average last done prices for the Shares of the Company on the Singapore Exchange Securities Trading Limited for the three market days preceding the date of offer. The Remuneration Committee may at its discretion fix the subscription price at a discount not exceeding 20 percent to the above price. None of the options offered in 2010 was granted at a discount.

To promote transparency, the Board of Directors had in 2002 resolved that the date of offer of share options under the Scheme shall be a pre-determined date; that is, the date falling 14 days immediately after the date of announcement of the Company's half-year or full-year results, as the case may be. The number of Shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The employees to whom the options have been granted do not have the right to participate by virtue of the options in a share issue of any other company.

Movements in the number of share options and their weighted average exercise prices are as follows:

	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	24,832,315	\$8.30	30,314,565	\$8.49
Exercised	(4,936,211)	\$6.95	(5,335,750)	\$7.45
Cancelled	(325,600)	\$11.17	(146,500)	\$9.32
Balance at 31 December	19,570,504	\$8.60	24,832,315	\$8.30
Exercisable at 31 December	19,570,504	\$8.60	24,832,315	\$8.30

The weighted average share price at the date of exercise for options exercised during the financial year was \$10.52 (2013: \$11.12). The options outstanding at the end of the financial year had a weighted average exercise price of \$8.60 (2013: \$8.30) and a weighted average remaining contractual life of 3.4 years (2013: 4.4 years).

Details of share options granted by Keppel Land Limited and Keppel Telecommunications & Transportation Ltd, subsidiaries of the Company are disclosed in the annual reports of the respective publicly-listed subsidiaries.

KCL Share Plans

The KCL Restricted Share Plan ("KCL RSP") and KCL Performance Share Plan ("KCL PSP") were approved by the Company's shareholders at the Extraordinary General Meeting of the Company on 23 April 2010. The two share plans are administered by the Remuneration Committee.

Details of the KCL RSP and the KCL PSP are as follows:

	KCL RSP	KCL PSP
Plan Description	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets at the end of a one-year performance period	Award of fully-paid ordinary shares of the Company, conditional on achievement of pre-determined targets over a three-year performance period
Performance Conditions	Return on Equity	a) Economic Value Added b) Absolute Total Shareholder's Return c) Relative Total Shareholder's Return to MSCI Asia Pacific Ex-Japan Industrials Index (MXAPJIN)
Final Award	0% or 100% of the contingent award granted, depending on achievement of pre-determined targets	0% to 150% of the contingent award granted, depending on achievement of pre-determined targets
Vesting Condition and Schedule	If pre-determined targets are achieved, awards will vest equally over three years subject to fulfillment of service requirements	If pre-determined targets are achieved, awards will vest at the end of the three-year performance period subject to fulfillment of service requirements

Movements in the number of shares under the KCL RSP and the KCL PSP are as follows:

	2014		2013	
	KCL RSP	KCL PSP	KCL RSP	KCL PSP
Contingent awards				
Balance at 1 January	4,383,491	1,901,333	4,103,656	2,129,314
Granted	4,750,386	577,400	4,300,500	845,000
Adjustments upon released	-	(26,450)	-	344,100
Released	(4,309,301)	(636,100)	(4,075,068)	(1,092,100)
Cancelled	(184,792)	(67,458)	(96,494)	(403,422)
Other adjustments	-	-	150,897	78,441
Balance at 31 December	4,639,784	1,748,725	4,383,491	1,901,333
Awards released but not vested:				
Balance at 1 January	4,040,616	-	3,955,446	-
Released	4,309,301	636,100	4,075,068	1,092,100
Vested	(4,225,457)	(636,100)	(3,935,605)	(1,092,100)
Cancelled	(131,020)	-	(68,586)	-
Other adjustments	-	-	14,293	-
Balance at 31 December	3,993,440	-	4,040,616	-

Executive Directors who are eligible for the KCL Share Plans are required to hold a minimum number of shares under the share ownership guideline which requires them to maintain a beneficial ownership stake in the Company, thus further aligning their interests with shareholders.

As at 31 December 2014, there were 3,993,440 (2013: 4,040,616) restricted shares that were released but not vested. At the end of the financial year, the number of contingent Shares granted but not released was 4,639,784 (2013: 4,383,491) under the KCL RSP and 1,748,725 (2013: 1,901,333) under the KCL PSP. Depending on the achievement of pre-determined performance targets, the actual number of Shares to be released could be zero or a maximum of 4,639,784 under the KCL RSP and range from zero to a maximum of 2,623,088 under the KCL PSP.

3. Share capital (continued)

The fair values of the contingent award of shares under the KCL RSP and the KCL PSP are determined at the grant date using Monte Carlo simulation method which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility.

On 31 March 2014 (2013: 28 March 2013), the Company granted contingent awards of 4,750,386 (2013: 4,300,500) shares under the KCL RSP and 577,400 (2013: 845,000) shares under the KCL PSP. The estimated fair value of the shares granted amounts to \$10.31 (2013: \$10.54) under the KCL RSP and \$6.74 (2013: \$7.30) under the KCL PSP. The significant inputs into the model are as follows:

	2014		2013	
	KCL RSP	KCL PSP	KCL RSP	KCL PSP
Date of grant	31.03.2014	31.03.2014	28.03.2013	28.03.2013
Prevailing share price at date of grant	\$10.89	\$10.89	\$11.20	\$11.20
Expected volatility:				
Company	24.65%	24.65%	27.48%	27.48%
MXAPJIN	#	22.45%	#	25.34%
Correlation with MXAPJIN	#	88.80%	#	83.50%
Expected term	0.75 - 2.75 years	2.75 years	0.75 - 2.75 years	2.75 years
Risk free rate	0.35% - 0.70%	0.70%	0.15% - 0.36%	0.36%
Expected dividend yield	*	*	*	*

This input is not required for the valuation of shares granted under the KCL RSP.

* Expected dividend yield is based on management's forecast.

The expected volatilities are based on the historical volatilities of the Company's share price and the MXAPJIN price over the previous 36 months immediately preceding the grant date. The expected term used in the model is based on the grant date and the end of the performance period.

Details of share plans granted by Keppel Land Limited and Keppel Telecommunications & Transportation Ltd, subsidiaries of the Company are disclosed in the annual reports of the respective publicly-listed subsidiaries.

4. Reserves

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Capital Reserves				
Share option and share plan reserve	212,764	208,431	191,294	188,432
Fair value reserve	102,818	192,023	-	-
Hedging reserve	(516,050)	1,298	-	-
Bonus issue by subsidiaries	40,000	40,000	-	-
Treasury shares	(48,665)	-	(48,665)	-
Others	71,133	59,001	-	-
	(138,000)	500,753	142,629	188,432
Revenue Reserves	9,422,754	8,301,117	4,400,277	4,300,590
Foreign Exchange				
Translation Account	(191,587)	(306,566)	-	-
	9,093,167	8,495,304	4,542,906	4,489,022

Movements in the Group's and the Company's reserves are set out in the Statements of Changes in Equity.

5. Non-controlling interests

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Keppel Land Limited		Other individually immaterial subsidiaries		Total	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NCI percentage of ownership interest and voting interest	45%	45%				
Carrying amount of NCI	3,963,440	3,670,586	383,439	317,096	4,346,879	3,987,682
Profit after tax allocated to NCI	412,319	533,519	129,133	17,063	541,452	550,582

Summarised financial information before inter-group elimination

	Keppel Land Limited	
	2014	2013
	\$'000	\$'000
Non-current assets	4,817,660	5,696,259
Current assets	9,709,888	8,126,268
Non-current liabilities	(3,384,532)	(4,110,879)
Current liabilities	(2,998,078)	(2,226,061)
Net assets	8,144,938	7,485,587
Revenue	1,497,177	1,461,048
Profit for the year	823,238	903,954
Total comprehensive income	959,895	1,029,548
Net cash flow from operations	200,443	(1,308,680)
Dividends paid to NCI	190,248	100,722

During the financial year, the Group acquired additional interest in certain subsidiaries of the Company from its non-controlling interests. The following summarises the effect of the change in the Group's ownership interest on the equity attributable to owners of the Company:

	2014
	\$'000
Amounts paid on changes in ownership interest in subsidiaries	(9,600)
Non-controlling interest acquired	5,736
Others	5
Total amount recognised in equity reserves	(3,859)

6. Fixed assets

	Freehold Land & Buildings \$'000	Leasehold Land & Buildings \$'000	Vessels & Floating Docks \$'000	Plant, Machinery & Equipment \$'000	Capital Work-in- Progress \$'000	Total \$'000
Group						
2014						
Cost						
At 1 January	120,662	1,858,825	449,937	3,043,349	418,896	5,891,669
Additions	591	15,970	22,485	86,575	434,666	560,287
Disposals	(307)	(123,721)	(18,254)	(176,570)	(8,923)	(327,775)
Write-off	-	(715)	(50)	(1,315)	(506)	(2,586)
Subsidiaries acquired	-	4,566	15,343	1,443	-	21,352
Subsidiaries disposed	(1,121)	-	-	(15,882)	-	(17,003)
Reclassification						
- Stocks	-	-	-	-	103,238	103,238
- Investment properties (Note 7)	-	(64,008)	-	(66,250)	(90)	(130,348)
- Other fixed assets Categories	341	123,028	-	265,085	(388,454)	-
- Assets classified as held for sale (Note 18)	-	-	-	(1,353,571)	(12,666)	(1,366,237)
Exchange differences	439	12,794	(1,958)	3,179	3,789	18,243
At 31 December	<u>120,605</u>	<u>1,826,739</u>	<u>467,503</u>	<u>1,786,043</u>	<u>549,950</u>	<u>4,750,840</u>
Accumulated Depreciation & Impairment Losses						
At 1 January	44,817	723,200	171,908	1,153,465	-	2,093,390
Depreciation charge	4,525	54,222	21,647	182,377	-	262,771
Disposals	(234)	(15,091)	(5,798)	(59,427)	-	(80,550)
Impairment loss/write-off	-	5,711	-	(551)	-	5,160
Subsidiaries disposed	(129)	-	-	(9,855)	-	(9,984)
Reclassification						
- Stocks	-	-	-	358	-	358
- Investment properties (Note 7)	-	(1,131)	-	(2,150)	-	(3,281)
- Assets classified as held for sale (Note 18)	-	-	-	(198,015)	-	(198,015)
Exchange differences	663	5,128	(222)	2,407	-	7,976
At 31 December	<u>49,642</u>	<u>772,039</u>	<u>187,535</u>	<u>1,068,609</u>	<u>-</u>	<u>2,077,825</u>
Net Book Value	<u>70,963</u>	<u>1,054,700</u>	<u>279,968</u>	<u>717,434</u>	<u>549,950</u>	<u>2,673,015</u>

Included in freehold land & buildings are freehold land amounting to \$11,254,000 (2013: \$11,854,000).

Certain plant, machinery and equipment with carrying amount of \$74,657,000 (2013: \$102,112,000) are mortgaged to banks for loan facilities (Note 21).

Interest capitalised during the financial year amounted to \$2,364,000 (2013: \$5,973,000).

	Freehold Land & Buildings \$'000	Leasehold Land & Buildings \$'000	Vessels & Floating Docks \$'000	Plant, Machinery & Equipment \$'000	Capital Work-in- Progress \$'000	Total \$'000
Group						
2013						
Cost						
At 1 January	111,512	1,549,020	448,445	2,092,551	1,037,992	5,239,520
Additions	11,165	68,829	40,777	76,608	490,776	688,155
Disposals	(869)	(418)	(39,706)	(23,286)	-	(64,279)
Write-off	-	(245)	-	(4,498)	(1,248)	(5,991)
Subsidiaries acquired	-	63,516	-	3,947	180	67,643
Subsidiaries disposed	-	(9,968)	-	(1,383)	-	(11,351)
Reclassification						
- Stocks	-	-	-	(839)	(24,161)	(25,000)
- Other assets	-	-	-	(821)	1,492	671
- Other fixed assets categories	1,684	173,702	2,573	910,075	(1,088,034)	-
Exchange differences	(2,830)	14,389	(2,152)	(9,005)	1,899	2,301
At 31 December	<u>120,662</u>	<u>1,858,825</u>	<u>449,937</u>	<u>3,043,349</u>	<u>418,896</u>	<u>5,891,669</u>
Accumulated Depreciation & Impairment Losses						
At 1 January	41,774	664,917	161,627	1,033,769	-	1,902,087
Depreciation charge	4,622	50,502	22,523	156,005	-	233,652
Disposals	(611)	(299)	(12,391)	(22,381)	-	(35,682)
Write-off	-	-	-	(4,509)	-	(4,509)
Subsidiaries disposed	-	(1,354)	-	(626)	-	(1,980)
Reclassification						
- Stocks	-	-	-	(34)	-	(34)
- Other fixed assets categories	-	4,851	-	(4,851)	-	-
Exchange differences	(968)	4,583	149	(3,908)	-	(144)
At 31 December	<u>44,817</u>	<u>723,200</u>	<u>171,908</u>	<u>1,153,465</u>	<u>-</u>	<u>2,093,390</u>
Net Book Value	<u>75,845</u>	<u>1,135,625</u>	<u>278,029</u>	<u>1,889,884</u>	<u>418,896</u>	<u>3,798,279</u>

6. Fixed assets (continued)

	Freehold Land & Buildings \$'000	Plant, Machinery & Equipment \$'000	Total \$'000
Company			
2014			
Cost			
At 1 January	1,464	7,196	8,660
Additions	-	238	238
At 31 December	1,464	7,434	8,898
Accumulated Depreciation			
At 1 January	1,220	6,558	7,778
Depreciation charge	76	350	426
At 31 December	1,296	6,908	8,204
Net Book Value	168	526	694
2013			
Cost			
At 1 January	1,419	6,894	8,313
Additions	45	687	732
Disposals	-	(385)	(385)
At 31 December	1,464	7,196	8,660
Accumulated Depreciation			
At 1 January	1,144	6,610	7,754
Depreciation charge	76	327	403
Disposals	-	(379)	(379)
At 31 December	1,220	6,558	7,778
Net Book Value	244	638	882

7. Investment properties

	Group	
	2014	2013
	\$'000	\$'000
At 1 January	2,187,858	5,423,060
Development expenditure	34,644	247,769
Fair value gain		
- Attributable to the Group (Note 26)	54,569	156,284
- Attributable to third parties under a contractual agreement	7,983	4,685
Disposal	(454,712)	-
Subsidiary acquired	-	133,420
Subsidiary disposed	-	(3,757,083)
Reclassification		
- Stocks and work-in-progress	-	(9,200)
- Fixed assets (Note 6)	127,067	-
Exchange differences	30,106	(11,077)
At 31 December	1,987,515	2,187,858

The Group's investment properties (including integral plant and machinery) are stated at Directors' valuations based on the following valuations (open market value basis), performed on an annual basis, by independent firms of professional valuers as at 31 December 2014:

- Colliers International Consultancy & Valuation (Singapore) Pte Ltd for properties in Singapore;
- CBRE (Vietnam) Co. Ltd for properties in Vietnam;
- KJPP Wilson & Rekan (an affiliate of Knight Frank) for properties in Indonesia;
- Cushman & Wakefield Valuation Advisory Services (HK) Ltd for a property in China; and
- Agency for Real Estate Affairs Co., Ltd for a property in Thailand.

Based on valuations performed by the independent valuers, management has analysed the appropriateness of the fair value changes.

Interest capitalised during the financial year amounted to \$1,285,000 (2013: \$1,067,000).

The Group has mortgaged certain investment properties of up to an aggregate amount of \$239,230,000 (2013: \$588,400,000) to banks for loan facilities (Note 21).

During the financial year, the Group, through its subsidiary, D.L. Properties Ltd, divested its entire interest in Equity Plaza, resulting in a gain of \$32 million attributable to shareholders of the Company.

The investment properties that had been reclassified from fixed assets are attributable to a data centre under development in Singapore which is stated at cost as the fair value cannot be reliably measured until development is substantially completed.

8. Subsidiaries

	Company	
	2014	2013
	\$'000	\$'000
Quoted shares, at cost		
Market value: \$3,548,692,000 (2013: \$3,505,684,000)	2,083,839	2,083,839
Unquoted shares, at cost	3,055,798	3,066,728
	5,139,637	5,150,567
Provision for impairment	(72,070)	(56,115)
	5,067,567	5,094,452

Movements in the provision for impairment of subsidiaries are as follows:

	Company	
	2014	2013
	\$'000	\$'000
At 1 January	56,115	621,070
Charge/(credit) to profit and loss account	15,955	(564,955)
At 31 December	72,070	56,115

Impairment made during the year mainly relates to the shortfall between the carrying amount of the costs of investment and the recoverable amount of a subsidiary.

During the previous year, arising from the sale of certain subsidiaries of the Company to another wholly-owned subsidiary, provision for impairment of investments in these subsidiaries had been written-back.

Information relating to significant subsidiaries consolidated in the financial statements is given in Note 38.

9. Associated companies

	Group	
	2014	2013
	\$'000	\$'000
Quoted shares, at cost		
Market value: \$3,482,487,000 (2013: \$3,066,879,000)	2,801,642	2,283,983
Unquoted shares, at cost	1,441,871	1,488,781
	4,243,513	3,772,764
Provision for impairment	(98,430)	(149,498)
	4,145,083	3,623,266
Share of reserves	843,361	1,321,248
	4,988,444	4,944,514
Advances to associated companies	-	537,659
	4,988,444	5,482,173

Movements in the provision for impairment of associated companies are as follows:

	Group	
	2014 \$'000	2013 \$'000
At 1 January	149,498	157,901
Write-back of impairment loss	(47,971)	(2,818)
Disposal	(3,940)	(6,446)
Exchange differences	843	861
At 31 December	98,430	149,498

Long term advances to associated companies were repaid during the financial year. In the prior year, interest was charged at rates ranging from 1.87% to 2.02% per annum on these advances. During the financial year, arising from the sale of certain assets in an associated company, the Group wrote back an impairment loss of \$47,971,000 (2013: \$2,818,000) on investment in associated companies.

	Group	
	2014 \$'000	2013 \$'000
The share of net profit of associated companies is as follows:		
Share of profit before tax	504,176	625,867
Share of taxation (Note 28)	(72,096)	(57,608)
Share of net profit	432,080	568,259

The summarised financial information of associated companies, not adjusted for the Group's proportionate share, is as follows:

	Group	
	2014 \$'000	2013 \$'000
Total assets	21,031,854	22,641,871
Total liabilities	8,479,519	9,769,863
Revenue	5,021,596	5,020,684
Net profit	1,075,579	1,453,096

The carrying amount of the Group's material associates, all of which are equity accounted for and whose activities are strategic to the Group's activities, are as follows:

	Group	
	2014 \$'000	2013 \$'000
Keppel REIT	1,833,180	1,568,444
Keppel Infrastructure Trust	290,577	308,543
KrisEnergy Limited	335,655	336,797
Other associates	2,529,032	3,268,389
	4,988,444	5,482,173

Notes to the Financial Statements

9. Associated companies (continued)

The summarised financial information of the material associates, not adjusted for the Group's proportionate share, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Keppel REIT		Keppel Infrastructure Trust		KrisEnergy Limited *	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	225,467	125,833	138,392	130,848	332,590	444,392
Non-current assets	7,103,937	6,649,706	472,634	511,681	709,489	404,687
Total assets	7,329,404	6,775,539	611,026	642,529	1,042,079	849,079
Current liabilities	380,371	399,176	19,930	14,883	44,198	31,061
Non-current liabilities	2,491,613	2,479,370	-	10	430,065	231,733
Total liabilities	2,871,984	2,878,546	19,930	14,893	474,263	262,794
Net assets	4,457,420	3,896,993	591,096	627,636	567,816	586,285
Proportion of the Group's ownership	45%	45%	49%	49%	31%	31%
Group's share of net assets	2,018,320	1,744,684	290,642	308,609	178,294	184,093
Other adjustments	(185,140)	(176,240)	(65)	(66)	157,361	152,704
Carrying amount of the investment	1,833,180	1,568,444	290,577	308,543	335,655	336,797
Revenue	184,093	174,043	65,451	67,113	101,531	89,345
Profit after tax	371,902	534,928	12,709	14,183	(43,236)	(37,825)
Other comprehensive income	(11,469)	(90,092)	-	-	8	(76)
Total comprehensive income	360,433	444,836	12,709	14,183	(43,228)	(37,901)
Fair value of ownership interest (if listed) **	1,751,331	1,478,925	329,812	323,619	206,978	412,313
Dividends received	102,442	76,463	24,217	24,217	-	-

* Financial information is available as at 30 September for the current year at the time of reporting and equity accounting is applied on financials from October of the preceding year to September of the current year. The difference in reporting period has no material impact on the Group's consolidated financial statements.

** Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

As at 31 December 2014, the fair values of Keppel REIT and KrisEnergy Limited are below the carrying amounts of the Group's ownership interest. Management is of the view that no impairment is required as they are held for long term and their recoverable amounts are more than their carrying amounts.

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	2014	2013
	\$'000	\$'000
Share of profit before tax	338,916	422,420
Share of taxation	(58,852)	(50,516)
Share of other comprehensive income	38,786	16,375
Share of total comprehensive income	318,850	388,279

Information relating to significant associated companies, including information on principal activities, country of operation/incorporation and proportion of ownership interest, and whose results are included in the financial statements is given in Note 38.

10. Investments

	Group	
	2014	2013
	\$'000	\$'000
Available-for-sale investments:		
Quoted equity shares	67,690	52,251
Unquoted equity shares	142,677	88,319
Unquoted property funds	136,760	112,222
Unquoted funds - others	11,239	-
Quoted bonds	-	11,953
	358,366	264,745

11. Long term assets

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Staff loans	1,799	1,751	402	440
Long term receivables and others	270,151	296,145	-	-
	271,950	297,896	402	440
Less: Amounts due within one year and included in debtors (Note 15)	(13,553)	(14,261)	(81)	(222)
	258,397	283,635	321	218
Provision for doubtful debts	-	(4,718)	-	-
	258,397	278,917	321	218

Movements in the provision for doubtful debts are as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
At 1 January	4,718	-	-	-
Credit/ (charge) to profit and loss account	(4,489)	4,577	-	-
Exchange differences	(229)	141	-	-
At 31 December	-	4,718	-	-

Included in staff loans are interest-free advances to certain Directors amounting to \$nil (2013: \$50,000) and to directors of related corporations amounting to \$114,000 (2013: \$116,000) under an approved car loan scheme.

Long term receivables are unsecured, largely repayable after five years (2013: five years) and bears effective interest ranging from 4.00% to 11.00% (2013: 0.11% to 11.00%) per annum.

The fair value of long term receivables for the Group is \$268,815,000 (2013: \$290,530,000). These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow basis using discount rates based upon market-related rates for similar instruments as at the balance sheet date.

Notes to the Financial Statements

12. Intangibles

	Goodwill \$'000	Development Expenditure \$'000	Management Rights \$'000	Customer Contracts \$'000	Total
Group					
2014					
At 1 January	59,270	7,879	-	19,091	86,240
Additions	-	10	-	-	10
Amortisation	-	(1,146)	-	(1,219)	(2,365)
Subsidiary acquired	1,472	-	16,757	-	18,229
Subsidiary disposed	-	(457)	-	-	(457)
Exchange differences	-	75	-	-	75
At 31 December	60,742	6,361	16,757	17,872	101,732
Cost	60,742	19,244	16,757	24,963	121,706
Accumulated amortisation	-	(12,883)	-	(7,091)	(19,974)
	60,742	6,361	16,757	17,872	101,732
2013					
At 1 January	59,270	29,779	-	20,559	109,608
Additions	-	769	-	-	769
Amortisation	-	(7,172)	-	(1,468)	(8,640)
Subsidiary disposed	-	(15,549)	-	-	(15,549)
Exchange differences	-	52	-	-	52
At 31 December	59,270	7,879	-	19,091	86,240
Cost	59,270	21,800	-	24,963	106,033
Accumulated amortisation	-	(13,921)	-	(5,872)	(19,793)
	59,270	7,879	-	19,091	86,240

For the purpose of impairment testing, goodwill is allocated to cash-generating units.

Goodwill allocated to Offshore & Marine division amounted to \$2,092,000 (2013: \$2,092,000). The recoverable amount is determined based on value-in-use calculation using cash flow projections derived from the most recent financial budgets approved by management for the next five years using discount rates of 7.96% (2013: 7.44%). The key assumptions are those regarding the discount rate and expected changes to selling prices and direct costs. Management estimates discount rate using pre-tax rate that reflects current market assessment of the time value of money and risks specific to the unit. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Goodwill allocated to Infrastructure division amounted to \$58,650,000 (2013: \$57,178,000). The recoverable amount of goodwill at the balance sheet date is based on current bid prices of the quoted shares of the cash-generating unit.

The recoverable amount of management rights is determined based on cash flow projections from the provision of asset management services using a pre-tax discount rate of 9.0% (2013: nil%). The key assumptions are those regarding the discount rate and expected changes to assets under management and net property income of these assets.

As at 31 December 2014, any reasonably possible changes to the key assumptions applied above is not likely to cause the recoverable amounts of goodwill and management rights to be below the respective carrying amounts.

13. Stocks & work-in-progress

		Group	
		2014	2013
		\$'000	\$'000
Work-in-progress in excess of related billings	(a)	3,339,234	1,679,714
Consumable materials and supplies		173,936	224,755
Finished products for sale		15,968	105,538
Properties held for sale	(c)	7,151,985	6,984,719
		10,681,123	8,994,726
Billings on work-in-progress in excess of related costs	(b)	(2,397,376)	(2,714,983)
(a) Work-in-progress in excess of related billings			
Costs incurred and attributable profits		12,897,402	7,705,970
Provision for loss on work-in-progress		(4,498)	(4,491)
		12,892,904	7,701,479
Less: Progress billings		(9,553,670)	(6,021,765)
		3,339,234	1,679,714
Movements in the provision for loss on work-in-progress are as follows:			
At 1 January		4,491	4,443
Charge to profit and loss account		7	48
At 31 December		4,498	4,491
(b) Billings on work-in-progress in excess of related Costs			
Costs incurred and attributable profits		13,320,254	13,544,089
Less: Progress billings		(15,717,630)	(16,259,072)
		(2,397,376)	(2,714,983)
(c) Properties held for sale			
Properties under development			
Land cost		4,682,842	5,081,312
Development cost incurred to date		1,168,308	1,190,765
Related overhead expenditure		466,399	459,667
Progress billings		(460,349)	(577,528)
		5,857,200	6,154,216
Completed properties held for sale		1,329,045	860,396
		7,186,245	7,014,612
Provision for properties held for sale		(34,260)	(29,893)
		7,151,985	6,984,719

Notes to the Financial Statements

13. Stocks & work-in-progress (continued)

Movements in the provision for properties held for sale are as follows:

	Group	
	2014 \$'000	2013 \$'000
At 1 January	29,893	28,566
Charge to profit and loss account	4,019	1,383
Exchange differences	348	(56)
At 31 December	34,260	29,893

The following table provides information about agreements that are in progress at the reporting date whose revenue are recognised on a percentage of completion basis:

Aggregate amount of costs incurred and recognised profit (less recognised losses) to date	2,629,799	2,900,451
Less: Progress billings	(555,267)	(668,576)
At 31 December	2,074,532	2,231,875

Interest capitalised during the financial year amounted to \$59,199,000 (2013: \$78,409,000) at rates ranging from 0.55% to 3.30% (2013: 0.58% to 2.50%) per annum for Singapore properties and 0.05% to 8.00% (2013: 3.34% to 10.00%) per annum for overseas properties.

Certain properties held for sale with carrying amount of \$2,327,841,000 (2013: \$2,204,792,000) are mortgaged to banks for loan facilities (Note 21).

14. Amounts due from/to

	Company	
	2014 \$'000	2013 \$'000
Subsidiaries		
Amounts due from		
- trade	311,955	22,372
- advances	3,795,019	3,449,741
	4,106,974	3,472,113
Provision for doubtful debts	(6,600)	(6,600)
	4,100,374	3,465,513
Amounts due to		
- trade	218,638	156,772
- advances	785,932	794,556
	1,004,570	951,328
Movements in the provision for doubtful debts are as follows:		
At 1 January/31 December	6,600	6,600

Advances to and from subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.00% to 8.00% (2013: 0.00% to 8.00%) per annum on interest-bearing advances.

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Associated Companies				
Amounts due from				
- trade	139,223	198,498	471	9,430
- advances	491,375	838,994	-	-
	630,598	1,037,492	471	9,430
Provision for doubtful debts	(46)	(286)	-	-
	630,552	1,037,206	471	9,430
Amounts due to				
- trade	43,665	21,402	-	-
- advances	93,523	50,297	-	3
	137,188	71,699	-	3
Movements in the provision for doubtful debts are as follows:				
At 1 January	286	207	-	-
(Write-back)/charge to profit and loss account	(240)	79	-	-
At 31 December	46	286	-	-

Advances to and from associated companies are unsecured and are repayable on demand. Interest is charged at rates ranging from 0.22% to 8.00% (2013: 0.22% to 12.50%) per annum on interest-bearing advances.

15. Debtors

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade debtors	1,433,609	1,118,868	-	-
Provision for doubtful debts	(6,538)	(10,500)	-	-
	1,427,071	1,108,368	-	-
Long term receivables due within one year (Note 11)	13,553	14,261	81	222
Sundry debtors	153,874	62,483	731	693
Prepaid project cost & prepayments	60,923	63,623	225	326
Derivative financial instruments (Note 34)	8,923	50,050	24,829	32,229
Tax recoverable	9,139	13,900	-	-
Goods & Services Tax receivable	62,585	59,400	-	-
Interest receivable	17,152	14,419	57	50
Deposits paid	35,959	37,464	365	284
Advance land payments	67,717	37,132	-	-
Recoverable accounts	155,116	120,808	-	-
Accrued receivables	149,896	125,267	-	-
Advances to subcontractors	225,041	117,327	-	-
Advances to corporations in which the Group has investment interests	-	215	-	-
Advances to non-controlling shareholders of subsidiaries	145,597	113,496	-	-
	1,105,475	829,845	26,288	33,804
Provision for doubtful debts	(22,957)	(22,466)	-	-
	1,082,518	807,379	26,288	33,804
Total	2,509,589	1,915,747	26,288	33,804

15. Debtors (continued)

Movements in the provision for doubtful debts are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At 1 January	32,966	36,967	-	-
Charge/(write-back) to profit and loss account	2,945	(2,322)	-	-
Amount written off	(1,472)	(1,634)	-	-
Subsidiary disposed	(4,874)	(94)	-	-
Exchange differences	(70)	49	-	-
At 31 December	29,495	32,966	-	-

16. Short term investments

	Group	
	2014 \$'000	2013 \$'000
Available-for-sale investments:		
Quoted equity shares	217,704	320,002
Unquoted equity shares	1,217	1,172
Unquoted unit trust	42,209	40,383
Unquoted debt securities	-	1,892
Total available-for-sale investments	261,130	363,449
Investments held for trading:		
Quoted equity shares	110,321	81,624
Total short term investments	371,451	445,073

17. Bank balances, deposit and cash

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Bank balances and cash	2,587,578	3,938,778	2,308	2,466
Fixed deposits with banks	3,028,583	1,520,308	-	-
Amounts held under escrow accounts for overseas acquisition of land, payment of construction cost and liabilities	23,650	6,582	-	-
Amounts held under project accounts, withdrawals from which are restricted to payments for expenditures incurred on projects	96,190	98,988	-	-
	5,736,001	5,564,656	2,308	2,466

Fixed deposits with banks of the Group mature on varying periods, substantially between 1 day to 3 months (2013: 1 day to 3 months). This comprises Singapore dollar fixed deposits of \$1,943,175,000 (2013: \$82,761,000) at interest rates ranging from 0.00% to 2.75% (2013: 0.00% to 2.81%) per annum, and foreign currency fixed deposits of \$1,085,408,000 (2013: \$1,437,547,000) at interest rates ranging from 0.00% to 11.57% (2013: 0.00% to 10.50%) per annum.

18. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale

On 18 November 2014, Keppel Energy Pte Ltd, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with Keppel Infrastructure Fund Management Pte. Ltd., in its capacity as trustee-manager of Keppel Infrastructure Trust ("KIT"), to divest 102 ordinary shares, representing 51% of the issued and paid-up share capital of Keppel Merlimau Cogen Pte Ltd ("KMC") to KIT.

The completion of the transaction is conditional, amongst others, the approval of KIT Unitholders for the transaction, the equity fund raising to fund the transaction, and regulatory consents and approvals being obtained. In accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of KMC have been presented separately as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" as follows:

	Group 2014 \$'000
Assets classified as held for sale	
Fixed assets (Note 6)	1,168,222
Stocks & work-in-progress in excess of related billings	27,437
Debtors	61,595
Bank balances, deposits & cash	1,386
	1,258,640
Liabilities directly associated with assets classified as held for sale	
Creditors	284,787
Deferred taxation	165,230
	450,017

KMC is included in the Infrastructure Division for purpose of segmental reporting.

19. Creditors

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade creditors	805,240	757,308	-	-
Customers' advances and deposits	67,895	73,551	-	-
Progress billings received	282,763	236,395	-	-
Derivative financial instruments (Note 34)	350,100	121,191	341,075	104,067
Sundry creditors	1,357,466	1,453,693	2,780	2,827
Accrued operating expenses	2,118,849	2,117,788	131,304	104,307
Advances from non-controlling shareholders	223,945	312,833	-	-
Retention monies	187,323	175,891	-	-
Interest payables	39,173	35,967	17,009	16,966
	5,432,754	5,284,617	492,168	228,167
Other non-current liabilities:				
Accrued operating expenses	148,669	124,580	66,273	47,022

The carrying amount of the non-current liabilities approximates the fair value.

Advances from non-controlling shareholders of certain subsidiaries are unsecured and are repayable on demand. Interest is charged at rates ranging from 1.20% to 3.48% (2013: 1.90% to 6.68%) per annum on interest-bearing advances.

20. Provisions

	Warranties \$'000	Claims \$'000	Total \$'000
Group			
2014			
At 1 January	153,598	10,005	163,603
Charge to profit and loss account	649	-	649
Amount utilised	(3,458)	(10,005)	(13,463)
Exchange differences	(1,263)	-	(1,263)
At 31 December	149,526	-	149,526
2013			
At 1 January	130,169	15,000	145,169
Charge to profit and loss account	18,134	-	18,134
Amount utilised	(448)	(5,000)	(5,448)
Exchange differences	5,743	5	5,748
At 31 December	153,598	10,005	163,603

21. Term loans

		2014		2013	
		Due within one year \$'000	Due after one year \$'000	Due within one year \$'000	Due after one year \$'000
Group					
Keppel Corporation Medium Term Notes	(a)	-	1,500,000	-	1,500,000
Keppel Land Medium Term Notes	(b)	154,994	854,083	-	899,000
Keppel Land 1.875% Convertible Bonds 2015	(c)	495,649	-	-	491,188
Keppel Telecommunications & Transportation Medium Term Notes	(d)	-	120,000	-	120,000
Bank and other loans					
- secured	(e)	123,234	915,945	198,619	741,725
- unsecured	(f)	1,021,758	2,196,880	318,046	2,830,948
		1,795,635	5,586,908	516,665	6,582,861
Company					
Keppel Corporation Medium Term Notes	(a)	-	1,500,000	-	1,500,000
Unsecured bank loans	(f)	290,511	-	160,838	-
		290,511	1,500,000	160,838	1,500,000

- (a) At the end of the financial year, notes issued under the US\$3,000,000,000 Multi-Currency Medium Term Note Programme by the Company amounted to \$1,500,000,000 (2013: \$1,500,000,000). The notes are unsecured and comprised fixed rate notes due from 2020 to 2042 (2013: from 2020 to 2042) with interest rates ranging from 3.10% to 4.00% (2013: 3.10% to 4.00%) per annum.

- (b) At the end of the financial year, notes issued under the US\$3,000,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited and its wholly-owned subsidiary, Keppel Land Financial Services Pte. Ltd. amounted to \$325,339,000 (2013: \$314,000,000). The fixed rate notes, due in 2019, are unsecured and carried an interest rate of 3.26% (2013: 3.26%) per annum.

At the end of the financial year, notes issued under the US\$800,000,000 Multi-Currency Medium Term Note Programme by Keppel Land Limited amounted to \$683,738,000 (2013: \$585,000,000). The notes are unsecured and comprised fixed rate notes due from 2015 to 2024 (2013: 2015 to 2024) with interest rates ranging from 2.67% to 3.90% (2013: 2.67% to 3.90%) per annum.

- (c) The \$500,000,000 1.875%, 5 year convertible bonds were issued in 2010 by Keppel Land Limited. Interest is payable semi-annually. The bonds, maturing on 29 November 2015, are convertible at the option of bondholders to Keppel Land ordinary shares at a conversion price of \$6.72 per share. Any bondholder may request to redeem all of its bonds in the event that its shares cease to be listed or admitted to trading on the Singapore Stock Exchange.

The convertible bonds are recognised on the balance sheet as follows:

	2014 \$'000	2013 \$'000
At 1 January	491,188	486,800
Interest expense	13,836	13,763
Interest paid	(9,375)	(9,375)
Liability component at 31 December	495,649	491,188

Interest expense on the convertible bonds is calculated based on the effective interest method by applying the interest rate of 2.50% (2013: 2.50%) per annum for an equivalent non-convertible bond to the liability component of the convertible bonds.

- (d) At the end of the financial year, notes issued under the S\$500,000,000 Multi-Currency Medium Term Note Programme by Keppel Telecommunications & Transportation Ltd, amounted to \$120,000,000 (2013: \$120,000,000). The fixed rates notes, due in 2019, are unsecured and carried an interest rate of 2.63% (2013: 2.63%) per annum from August 2012 to August 2017, and at 3.83% (2013: 3.83%) per annum from August 2017 to August 2019.
- (e) The secured bank loans consist of:
- A term loan of \$38,000,000 (2013: \$38,000,000) drawn down by a subsidiary. The term loan is repayable in 2015 and is secured on the investment property of the subsidiary. Interest is based on money market rates ranging from 1.44% to 1.48% (2013: 1.37% to 1.44%) per annum.
 - A term loan of \$289,370,000 (2013: \$290,000,000) drawn down by a subsidiary. The term loan is repayable in 2017 and is secured on certain assets of the subsidiary. Interest is based on money market rates ranging from 1.26% to 1.90% (2013: 1.26% to 1.33%) per annum.
 - A term loan of \$46,621,000 (2013: \$nil) drawn down by a subsidiary. The term loan is repayable in 2018 and is secured on certain assets of the subsidiary. Interest is based on money market rates ranging from 1.20% to 1.71% (2013: nil%) per annum.
 - A term loan of \$394,861,000 (2013: \$nil) drawn down by a subsidiary. The term loan is repayable in 2019 and is secured on certain assets of the subsidiary. Interest is based on money market rates ranging from 1.02% to 1.16% (2013: nil%) per annum.
 - A term loan of \$nil (2013: \$137,000,000) drawn down by a subsidiary. The term loan was repaid in 2014 and was previously secured on certain assets of the subsidiary. Interest was based on money market rates ranging from nil% to nil% (2013: 0.58% to 1.25%) per annum.

21. Term loans (continued)

- A term loan of \$nil (2013: \$244,428,000) drawn down by a subsidiary. The term loan was repaid in 2014 and was previously secured on the investment property of the subsidiary. Interest was based on money market rates ranging from nil% to nil% (2013: 1.42% to 1.49%) per annum.
 - Term loans of \$9,600,000 (2013: \$22,400,000) drawn down by subsidiaries. The term loans are repayable within a year (2013: one to two years) and are secured on certain fixed assets of the subsidiaries. Interest is based on money market rates ranging from 0.80% to 0.87% (2013: 0.79% to 0.82%) per annum.
 - Other secured bank loans comprised \$260,727,000 (2013: \$208,516,000) of foreign currency loans. They are repayable between one to five (2013: one to six) years and are secured on certain fixed and other assets of subsidiaries. Interest on foreign currency loans is based on money market rates ranging from 3.03% to 16.70% (2013: 6.33% to 16.70%) per annum.
- (f) The unsecured bank and other loans of the Group totalling \$3,218,638,000 (2013: \$3,148,994,000) comprised \$1,215,834,000 (2013: \$1,340,492,000) of loans denominated in Singapore dollar and \$2,002,804,000 (2013: \$1,808,502,000) of foreign currency loans. They are repayable between one to six (2013: one to seven) years. Interest on loans denominated in Singapore dollar is based on money market rates ranging from 0.83% to 4.50% (2013: 0.86% to 2.90%) per annum. Interest on foreign currency loans is based on money market rates ranging from 0.38% to 10.73% (2013: 0.75% to 10.17%) per annum.

The unsecured bank loans of the Company totalling \$290,511,000 (2013: \$160,838,000), denominated foreign currency, are repayable within one to six months (2013: one month) and are based on money market rates ranging from 0.38% to 3.30% (2013: 0.75% to 2.91%) per annum.

The Group has mortgaged certain properties and assets of up to an aggregate amount of \$2,704,286,000 (2013: \$2,895,304,000) to banks for loan facilities.

The fair values of term loans for the Group and Company are \$7,426,920,000 (2013: \$6,809,218,000) and \$1,787,799,000 (2013: \$1,641,236,000) respectively. These fair values, under Level 2 of the fair value hierarchy, are computed on the discounted cash flow method using a discount rate based upon the borrowing rate which the Group expect would be available as at the balance sheet date.

Loans due after one year are estimated to be repayable as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Years after year-end:				
After one but within two years	137,015	1,731,231	-	-
After two but within five years	3,260,206	2,314,607	-	-
After five years	2,189,687	2,537,023	1,500,000	1,500,000
	5,586,908	6,582,861	1,500,000	1,500,000

22. Bank overdrafts

As at 31 December 2013, interest on the bank overdrafts was payable at the banks' prevailing prime rate of 5.72% per annum. The bank overdrafts were secured by certain assets of a subsidiary.

23. Deferred taxation

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities:				
Accelerated tax depreciation	107,385	288,306	-	-
Investment properties valuation	132,404	124,183	-	-
Offshore income & others	119,875	139,257	-	4,933
	359,664	551,746	-	4,933
Deferred tax assets:				
Provisions	(30,938)	(37,600)	-	-
Unutilised tax benefits	(62,314)	(72,257)	-	-
	(93,252)	(109,857)	-	-
Net deferred tax liabilities	266,412	441,889	-	4,933

Net deferred tax liabilities are determined by offsetting deferred tax assets against deferred tax liabilities of the same entities. Deferred tax assets are recognised for unutilised tax benefits carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised deferred tax liabilities of \$59,239,000 (2013: \$51,156,000) for taxes that would be payable on the undistributed earnings of certain subsidiaries as these earnings would not be distributed in the foreseeable future and the Group is in a position to control the timing of the reversal of the temporary differences.

The Group has unutilised tax losses and capital allowances of \$389,130,000 (2013: \$444,251,000) for which no deferred tax benefit is recognised in the balance sheet. These tax losses and capital allowances can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The unutilised tax losses and capital allowances do not have expiry dates.

23. Deferred taxation (continued)

Movements in deferred tax liabilities and assets are as follows:

	At 1 January \$'000	Charged/ (credited) to profit or loss \$'000	Charged/ (credited) to other comprehen- sive income \$'000	Subsidiaries acquired \$'000	Reclassifi- cation \$'000	Liabilities directly associated with assets classified as held for sale (Note 18) \$'000	Exchange differences \$'000	At 31 December \$'000
Group								
2014								
Deferred Tax Liabilities								
Accelerated tax depreciation	288,306	6,711	-	-	-	(187,300)	(332)	107,385
Investment properties valuation	124,183	7,744	-	-	-	-	477	132,404
Offshore income & others	139,257	(22,585)	2,351	-	-	-	852	119,875
Total	<u>551,746</u>	<u>(8,130)</u>	<u>2,351</u>	<u>-</u>	<u>-</u>	<u>(187,300)</u>	<u>997</u>	<u>359,664</u>
Deferred Tax Assets								
Other provisions	(37,600)	3,923	-	-	568	2,180	(9)	(30,938)
Unutilised tax benefits	(72,257)	(1,626)	-	-	(7,087)	19,890	(1,234)	(62,314)
Total	<u>(109,857)</u>	<u>2,297</u>	<u>-</u>	<u>-</u>	<u>(6,519)</u>	<u>22,070</u>	<u>(1,243)</u>	<u>(93,252)</u>
Net Deferred Tax Liabilities	<u>441,889</u>	<u>(5,833)</u>	<u>2,351</u>	<u>-</u>	<u>(6,519)</u>	<u>(165,230)</u>	<u>(246)</u>	<u>266,412</u>
2013								
Deferred Tax Liabilities								
Accelerated tax depreciation	232,894	55,259	-	674	-	-	(521)	288,306
Investment properties valuation	120,937	3,291	-	-	-	-	(45)	124,183
Offshore income & others	83,405	3,011	229	50,595	-	-	2,017	139,257
Total	<u>437,236</u>	<u>61,561</u>	<u>229</u>	<u>51,269</u>	<u>-</u>	<u>-</u>	<u>1,451</u>	<u>551,746</u>
Deferred Tax Assets								
Other provisions	(39,847)	2,195	-	-	-	-	52	(37,600)
Unutilised tax benefits	(35,506)	(35,813)	-	-	-	-	(938)	(72,257)
Total	<u>(75,353)</u>	<u>(33,618)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(886)</u>	<u>(109,857)</u>
Net Deferred Tax Liabilities	<u>361,883</u>	<u>27,943</u>	<u>229</u>	<u>51,269</u>	<u>-</u>	<u>-</u>	<u>565</u>	<u>441,889</u>

24. Revenue

	Group	
	2014 \$'000	2013 \$'000
Revenue from construction contracts	8,547,313	7,226,479
Sale of property		
- Recognised on completion of construction method	860,351	683,737
- Recognised on percentage of completion method	564,962	713,709
Sale of goods	25,602	34,937
Rental income from investment properties	91,105	199,675
Revenue from services rendered	3,185,654	3,514,581
Dividend income from quoted shares	7,776	6,880
Others	216	421
	13,282,979	12,380,419

25. Staff costs

	Group	
	2014 \$'000	2013 \$'000
Wages and salaries	1,406,861	1,326,667
Employer's contribution to Central Provident Fund	105,077	109,763
Share options and share plans granted to Directors and employees	56,461	55,362
Other staff benefits	164,565	176,445
	1,732,964	1,668,237

26. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	Group	
	2014 \$'000	2013 \$'000
Auditors' remuneration		
- auditors of the Company	1,550	1,419
- other auditors of subsidiaries	4,232	4,369
Fees and other remuneration to Directors of the Company	2,355	2,371
Contracts for services rendered by Directors or with a company in which a Director has a substantial financial interest	956	783
Key management's emoluments (including executive directors' remuneration)		
- short-term employee benefits	23,521	30,144
- post-employment benefits	127	110
- share options and share plans granted	9,391	12,259
Depreciation of fixed assets	262,771	233,652
Impairment/write-off of fixed assets	7,746	1,482
Amortisation of intangibles	2,365	8,640
Profit on sale of fixed assets and an investment property	(289,214)	(3,865)
Profit on sale of investments	(8,008)	(4,805)
Fair value loss/(gain) on		
- investments	15,002	(9,350)
- forward foreign exchange contracts	27,389	15,474
- interest rate caps and swaps	(3,170)	(9,877)

Notes to the Financial Statements

26. Operating profit (continued)

	Group	
	2014	2013
	\$'000	\$'000
Charge for warranties	649	18,134
Provision for stocks and work-in-progress	2,699	4,173
Provision for doubtful debts	2,945	2,255
Cost of stocks & properties held for sale recognised as expense	1,038,024	1,021,080
Rental expense		
- operating leases	107,153	84,622
Direct operating expenses		
- investment properties that generated rental income	23,802	41,895
Loss/(gain) on differences in foreign exchange	7,513	(23,881)
Gain on disposal of subsidiaries	(48,647)	(307,726)
Gain on disposal of associated companies	(145,184)	-
Write-back of impairment of investments	(47,971)	(2,818)
Fair value gain on investment properties (Note 7)	(54,569)	(156,284)
Write-back of provision for restructuring of operations and others	(4,752)	(43,088)
Non-audit fees paid to		
- auditors of the Company	118	35
- other auditors of subsidiaries	463	359

27. Investment income, interest income and interest expenses

	Group	
	2014	2013
	\$'000	\$'000
Investment income from:		
Shares - quoted outside Singapore	4,169	1,849
Shares - unquoted	7,767	12,184
	11,936	14,033
Interest income from:		
Bonds, debentures, deposits and associated companies	133,104	144,189
Interest expenses on bonds, debentures, fixed term loans and overdrafts	(137,194)	(134,595)
Fair value gain on interest rate caps and swaps	3,170	9,877
	(134,024)	(124,718)

28. Taxation**(a) Income tax expense**

	Group	
	2014 \$'000	2013 \$'000
Tax expense comprised:		
Current tax	397,319	370,197
Adjustment for prior year's tax	(33,512)	(36,132)
Share of taxation of associated companies (Note 9)	72,096	57,608
Others	32,292	(22,250)
Deferred tax movement:		
Movements in temporary differences (Note 23)	(5,833)	27,943
	462,362	397,366

The income tax expense on the results of the Group differ from the amount of income tax expense determined by applying the Singapore standard rate of income tax to profit before tax due to the following:

	Group	
	2014 \$'000	2013 \$'000
Profit before tax	2,888,612	2,793,740
Tax calculated at tax rate of 17% (2013: 17%)	491,064	474,936
Income not subject to tax	(181,507)	(259,183)
Expenses not deductible for tax purposes	113,793	145,703
Utilisation of previously unrecognised tax benefits	(1,564)	(14,778)
Effect of different tax rates in other countries	74,088	86,820
Adjustment for prior year's tax	(33,512)	(36,132)
	462,362	397,366

(b) Movement in current income tax liabilities

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
At 1 January	465,387	764,862	19,575	21,097
Exchange differences	143	(8,225)	-	-
Tax expense	397,319	370,197	7,000	7,000
Adjustment for prior year's tax	(33,512)	(36,132)	(12,575)	(6,200)
Income taxes paid	(332,610)	(592,453)	-	(2,205)
Subsidiary acquired	102	203	-	-
Subsidiaries disposed	(862)	(13,827)	-	-
Reclassification				
- tax recoverable and others	(33,268)	(19,121)	-	-
Others	-	(117)	-	(117)
At 31 December	462,699	465,387	14,000	19,575

Notes to the Financial Statements

29. Earnings per ordinary share

	Group			
	2014 \$'000		2013 \$'000	
	Basic	Diluted	Basic	Diluted
Net profit attributable to shareholders	1,884,798	1,884,798	1,845,792	1,845,792
Adjustment for dilutive potential ordinary shares of subsidiaries and associated companies	-	(1,730)	-	(844)
Adjusted net profit	1,884,798	1,883,068	1,845,792	1,844,948
	Number of Shares '000		Number of Shares '000	
Weighted average number of ordinary shares (excluding treasury shares)	1,815,042	1,815,042	1,805,198	1,805,198
Adjustment for dilutive potential ordinary shares	-	16,461	-	18,038
Weighted average number of ordinary shares used to compute earnings per share (excluding treasury shares)	1,815,042	1,831,503	1,805,198	1,823,236
Earnings per ordinary share	103.8 cts	102.8 cts	102.3 cts	101.2 cts

30. Dividends

A final cash dividend of 36.0 cents per share tax exempt one-tier (2013: final cash dividend of 30.0 cents per share tax exempt one-tier) in respect of the financial year ended 31 December 2014 has been proposed for approval by shareholders at the next Annual General Meeting to be convened.

Together with the interim dividend comprising a cash dividend of 12.0 cents per share tax exempt one-tier (2013: cash dividend of 10.0 cents per share tax exempt one-tier and special distribution *in specie* of 8 Keppel REIT units for every 100 shares in the Company equivalent to 9.5 cents per share), total distributions paid and proposed in respect of the financial year ended 31 December 2014 will be 48.0 cents per share (2013: 49.5 cents per share).

During the financial year, the following distributions were made:

	\$'000
A final cash dividend of 30.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the previous financial year	544,887
An interim cash dividend of 12.0 cents per share tax exempt one-tier on the issued and fully paid ordinary shares in respect of the current financial year	218,019
	<u>762,906</u>

31. Commitments**(a) Capital commitments**

	Group	
	2014	2013
	\$'000	\$'000
Capital expenditure not provided for in the financial statements:		
In respect of contracts placed:		
- for purchase and construction of investment properties	71,047	67,709
- for purchase of other fixed assets	131,798	216,324
- for purchase/subscription of shares in other companies	250,079	134,871
Amounts approved by Directors in addition to contracts placed:		
- for purchase and construction of investment properties	142,310	156,676
- for purchase of other fixed assets	412,767	237,174
- for purchase/subscription of shares in other companies	23,073	68,448
	1,031,074	881,202
Less: Non-controlling shareholders' shares	(272,267)	(267,244)
	758,807	613,958

There was no significant future capital expenditure/commitment of the Company.

(b) Lessee's lease commitments

The Group leases land and office buildings from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future minimum lease payable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Years after year-end:				
Within one year	109,170	97,494	49	128
From two to five years	349,888	310,580	-	47
After five years	1,029,104	917,194	-	-
	1,488,162	1,325,268	49	175

(c) Lessor's lease commitments

The Group leases out commercial space to non-related parties under non-cancellable operating leases. The future minimum lease receivable in respect of significant non-cancellable operating leases as at the end of the financial year is as follows:

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Years after year-end:				
Within one year	147,020	166,001	-	-
From two to five years	222,717	259,806	-	-
After five years	151,902	152,263	-	-
	521,639	578,070	-	-

Some of the operating leases are subject to revision of lease rentals at periodic intervals. For the purposes of the above, the prevailing lease rentals are used.

32. Contingent liabilities and guarantees (unsecured)

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Guarantees in respect of banks and other loans granted to subsidiaries and associated companies	452,719	544,354	1,664,968	1,833,292
Bank guarantees	30,165	63,062	-	-
Others	619	537	-	-
	483,503	607,953	1,664,968	1,833,292

The financial effects of FRS 39 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

33. Significant related party transactions

Other than the related party information disclosed elsewhere in the financial statements, there were no other significant related party transactions during the financial year.

34. Financial risk management

The Group operates internationally and is exposed to a variety of financial risks, comprising market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Keppel Group Treasury Department in accordance with established policies and guidelines. These policies and guidelines are established by the Group Central Finance Committee and are updated to take into account changes in the operating environment. This committee is chaired by the Chief Financial Officer of the Company and includes Chief Financial Officers of the Group's key operating companies and Head Office specialists.

Market Risk**(i) Currency risk**

The Group has receivables and payables denominated in foreign currencies viz US dollars, European and other Asian currencies. The Group's foreign currency exposures arise mainly from the exchange rate movement of these foreign currencies against the functional currencies of the respective Group entities. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Group utilises forward foreign currency contracts and other foreign currency hedging instruments to hedge the Group's exposure to specific currency risks relating to investments, receivables, payables and other commitments. Group Treasury Department monitors the current and projected foreign currency cash flow of the Group and aims to reduce the exposure of the net position in each currency by borrowing in foreign currency and other currency contracts where appropriate.

As at the end of the financial year, the Group has outstanding forward foreign exchange contracts with notional amounts totalling \$9,753,671,000 (2013: \$9,185,298,000). The net negative fair value of forward foreign exchange contracts is \$315,776,000 (2013: net negative fair value of \$77,275,000) comprising assets of \$25,907,000 (2013: \$27,818,000) and liabilities of \$341,683,000 (2013: \$105,093,000). These amounts are recognised as derivative financial instruments in debtors (Note 15), creditors (Note 19) and assets classified as held for sale and liabilities directly associated with assets classified as held for sale (Note 18).

As at the end of the financial year, the Company has outstanding forward foreign exchange contracts with notional amounts totalling \$9,625,812,000 (2013: \$8,949,991,000). The net negative fair value of forward foreign exchange contracts is \$316,246,000 (2013: net negative fair value of \$71,838,000) comprising assets of \$24,829,000 (2013: \$32,229,000) and liabilities of \$341,075,000 (2013: \$104,067,000). These amounts are recognised as derivative financial instruments in debtors (Note 15) and creditors (Note 19).

Other than the above hedged foreign currency contracts, the unhedged currency exposure of financial assets and financial liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	2014			2013		
	USD \$'000	Euro \$'000	Others \$'000	USD \$'000	Euro \$'000	Others \$'000
Group						
Financial Assets						
Debtors	265,883	21,144	287,090	91,747	1,673	52,685
Investments	197,589	-	56,891	161,410	8,475	86,944
Bank balances, deposits & cash	405,770	29,310	72,229	1,809,771	118,633	131,729
Financial Liabilities						
Creditors	69,543	645	29,773	89,456	6,455	18,415
Term loans	1,010,277	56,119	240,752	1,607,207	-	14,645
Company						
Financial Assets						
Debtors	26	-	126	32	-	118
Bank balances, deposits & cash	27	-	1,036	15	-	1,134

Sensitivity analysis for currency risk

If the relevant foreign currency change against SGD by 5% (2013: 5%) with all other variables held constant, the effects will be as follows:

	Profit before tax		Equity	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Group				
USD against SGD				
- Strengthened	(20,346)	10,276	9,849	8,096
- Weakened	20,346	(10,276)	(9,849)	(8,096)
Euro against SGD				
- Strengthened	(314)	5,670	-	422
- Weakened	314	(5,670)	-	(422)
Company				
USD against SGD				
- Strengthened	3	2	-	-
- Weakened	(3)	(2)	-	-

(ii) Interest rate risk

The Group is exposed to interest rate risk for changes in interest rates primarily for debt obligations, placements in the money market and investments in bonds. The Group policy is to maintain a mix of fixed and variable rate debt instruments with varying maturities. Where necessary, the Group uses derivative financial instruments to hedge interest rate risks.

The Group enters into interest rate swap agreements to hedge the interest rate risk exposure arising from its S\$ and US\$ variable rate term loans (Note 21). As at the end of the financial year, the Group has interest rate swap agreements with notional amount totalling \$1,138,161,000 (2013: \$1,140,845,000) whereby it receives variable rates equal to SIBOR and LIBOR (2013: SIBOR and LIBOR) and pays fixed rates of between 1.27% and 3.62% (2013: 1.27% and 3.62%) on the notional amount.

34. Financial risk management (continued)

The net negative fair value of interest rate swaps for the Group is \$14,047,000 (2013: net negative fair value of \$3,694,000) comprising assets of \$379,000 (2013: \$10,922,000) and liabilities of \$14,426,000 (2013: \$14,616,000). These amounts are recognised as derivative financial instruments in debtors (Note 15), creditors (Note 19) and assets classified as held for sale and liabilities directly associated with assets classified as held for sale (Note 18).

Sensitivity analysis for interest rate risk

If interest rates increase/decrease by 0.5% (2013: 0.5%) with all other variables held constant, the Group's profit before tax would have been lower/higher by \$6,855,000 (2013: \$11,081,000) as a result of higher/lower interest expense on floating rate loans.

(iii) Price risk

The Group hedges against fluctuations arising on the purchase of natural gas that affect cost. Exposure to price fluctuations is managed via fuel oil forward contracts, whereby the price of natural gas is indexed to benchmark fuel price indices, High Sulphur Fuel Oil (HSFO) 180-CST and Dated Brent. As at the end of the financial year, the Group has outstanding HSFO and Dated Brent forward contracts with notional amounts totalling \$583,635,000 (2013: \$421,604,000) and \$11,284,000 (2013: \$10,450,000) respectively. The net negative fair value of HSFO forward contracts for the Group is \$219,752,000 (2013: net positive fair value of \$9,604,000) comprising assets of \$nil (2013: \$11,042,000) and liabilities of \$219,752,000 (2013: \$1,438,000). The net negative fair value of Dated Brent forward contracts for the Group is \$3,519,000 (2013: net positive fair value of \$224,000) comprising assets of \$nil (2013: \$268,000) and liabilities of \$3,519,000 (2013: \$44,000). These amounts are recognised as derivative financial instruments in debtors (Note 15), creditors (Note 19) and assets classified as held for sale and liabilities directly associated with assets classified as held for sale (Note 18).

The Group is exposed to equity securities price risk arising from equity investments classified as investments held for trading and available-for-sale investments. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Sensitivity analysis for price risk

If prices for HSFO and Dated Brent increase/decrease by 5% (2013: 5%) with all other variables held constant, the Group's hedging reserve in equity would have been higher/lower by \$18,194,000 (2013: \$21,560,000) and \$388,000 (2013: \$534,000) respectively as a result of fair value changes on cash flow hedges.

If prices for quoted investments increase/decrease by 5% (2013: 5%) with all other variables held constant, the Group's profit before tax would have been higher/lower by \$5,516,000 (2013: \$4,081,000) as a result of higher/lower fair value gains on investments held for trading, and the Group's fair value reserve in other comprehensive income would have been higher/lower by \$14,267,000 (2013: \$20,632,000) as a result of higher/lower fair value gains on available-for-sale investments.

The various sensitivity rates used in the sensitivity analysis for currency, interest rate and price risks represent rates generally used internally by management when assessing the various risks.

Credit Risk

Credit risk refers to the risk that debtors will default on their obligation to repay the amount owing to the Group. A substantial portion of the Group's revenue is on credit terms or stage of completion. These credit terms are normally contractual. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The credit policy spells out clearly the guidelines on extending credit terms to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered. The Group's policy does not permit non-secured credit risk to be significantly centralised in one customer or a group of customers.

The maximum exposure to credit risk is the carrying amount of financial assets which are mainly debtors, amounts due from associated companies and bank balances, deposits and cash.

- (i) Financial assets that are neither past due nor impaired
Debtors and amounts due from associated companies that are neither past due nor impaired are substantially companies with good collection track record with the Group. Bank deposits, forward foreign exchange contracts, interest rate caps and interest rate swaps are mainly transacted with banks of high credit ratings assigned by international credit-rating agencies.
- (ii) Financial assets that are past due but not impaired/partially impaired
The age analysis of trade debtors past due but not impaired/partially impaired is as follows:

	Group	
	2014	2013
	\$'000	\$'000
Past due 0 to 3 months but not impaired	531,853	258,699
Past due 3 to 6 months but not impaired	32,519	11,819
Past due over 6 months and partially impaired	116,011	107,576
	680,383	378,094

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments.

Information relating to the provision for doubtful debts is given in Note 15.

Liquidity Risk

Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, internally generated cash flows, and the availability of funding resources through an adequate amount of committed credit facilities. Group Treasury also maintains a mix of short-term money market borrowings and medium/long term loans to fund working capital requirements and capital expenditures/investments. Due to the dynamic nature of business, the Group maintains flexibility in funding by ensuring that ample working capital lines are available at any one time.

Information relating to the maturity profile of loans is given in Note 21.

The following table details the liquidity analysis for derivative financial instruments and borrowings of the Group and the Company based on contractual undiscounted cash inflows/(outflows).

	Within one year \$'000	Within one to two years \$'000	Within two to five years \$'000	After five years \$'000
Group				
2014				
Gross-settled forward foreign exchange contracts				
- Receipts	4,680,313	2,541,804	2,245,217	-
- Payments	(4,899,429)	(2,641,733)	(2,292,699)	-
Net-settled HSFO forward contracts				
- Payments	(164,727)	(51,865)	(3,160)	-
Net-settled Dated Brent forward contracts				
- Payments	(3,519)	-	-	-
Borrowings	(1,945,561)	(268,190)	(3,617,775)	(2,630,933)
2013				
Gross-settled forward foreign exchange contracts				
- Receipts	4,696,325	3,086,863	1,293,663	-
- Payments	(4,752,995)	(3,112,213)	(1,308,256)	-
Net-settled HSFO forward contracts				
- Receipts	9,393	1,558	91	-
- Payments	(866)	(277)	(257)	(38)
Net-settled Dated Brent forward contracts				
- Receipts	268	-	-	-
- Payments	(44)	-	-	-
Borrowings	(677,879)	(1,881,053)	(2,639,036)	(3,055,002)

34. Financial risk management (continued)

	Within one year \$'000	Within one to two years \$'000	Within two to five years \$'000	After five years \$'000
Company				
2014				
Gross-settled forward foreign exchange contracts				
- Receipts	4,527,663	2,541,804	2,245,217	-
- Payments	(4,698,470)	(2,641,733)	(2,292,699)	-
Borrowings	(342,159)	(51,460)	(154,380)	(1,894,846)
2013				
Gross-settled forward foreign exchange contracts				
- Receipts	4,487,427	3,068,707	1,290,404	-
- Payments	(4,540,047)	(3,093,639)	(1,305,007)	-
Borrowings	(212,343)	(51,480)	(154,440)	(1,946,368)

Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Group's current strategy remains unchanged from the previous financial year. The Group and the Company are in compliance with externally imposed capital requirements for the financial year ended 31 December 2014. Externally imposed capital requirements are mainly debt covenants included in certain loans of the Group and the Company requiring the Group or certain subsidiaries of the Company to maintain net gearing to capital employed not exceeding ratios ranging from 2.75 to 3.00 times.

Management monitors capital based on the Group net gearing. The Group net gearing is calculated as net borrowings divided by total capital. Net borrowings are calculated as bank balances, deposits & cash (Note 17) less total term loans (Note 21) plus bank overdrafts (Note 22). Total capital refers to capital employed under equity.

	Group	
	2014	2013
	\$'000	\$'000
Net debt	1,646,542	1,535,343
Total capital	14,727,641	13,688,863
Net gearing ratio	0.11x	0.11x

Fair Value of Financial Instruments and Investment Properties

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair value is determined by reference to the net tangible assets of the investments.

The following table presents the assets and liabilities measured at fair value.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
2014				
Financial assets				
Derivative financial instruments	-	8,923	-	8,923
Investments				
- Available-for-sale investments	67,690	11,239	155,340	234,269
Short term investments				
- Available-for-sale investments	217,704	42,209	-	259,913
- Investments held for trading	110,321	-	-	110,321
	<u>395,715</u>	<u>62,371</u>	<u>155,340</u>	<u>613,426</u>
Financial liabilities				
Derivative financial instruments	-	350,100	-	350,100
Non-financial assets				
Investment Properties				
- Commercial, completed	-	-	784,931	784,931
- Commercial, under construction	-	-	952,017	952,017
- Residential, completed	-	123,500	-	123,500
	<u>-</u>	<u>123,500</u>	<u>1,736,948</u>	<u>1,860,448</u>
2013				
Financial assets				
Derivative financial instruments	-	50,050	-	50,050
Investments				
- Available-for-sale investments	64,204	-	129,433	193,637
Short term investments				
- Available-for-sale investments	320,002	42,275	-	362,277
- Investments held for trading	81,624	-	-	81,624
	<u>465,830</u>	<u>92,325</u>	<u>129,433</u>	<u>687,588</u>
Financial liabilities				
Derivative financial instruments	-	121,191	-	121,191
Non-financial assets				
Investment Properties				
- Commercial, completed	-	-	1,205,222	1,205,222
- Commercial, under construction	-	-	845,726	845,726
- Residential, completed	-	136,910	-	136,910
	<u>-</u>	<u>136,910</u>	<u>2,050,948</u>	<u>2,187,858</u>

Notes to the Financial Statements

34. Financial risk management (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company				
2014				
Financial assets				
Derivative financial instruments	-	24,829	-	24,829
Financial liabilities				
Derivative financial instruments	-	341,075	-	341,075
2013				
Financial assets				
Derivative financial instruments	-	32,229	-	32,229
Financial liabilities				
Derivative financial instruments	-	104,067	-	104,067

There have been no transfer between Level 1, Level 2 and Level 3 for the Group and Company during 2014 and 2013.

The following table presents the reconciliation of financial instruments measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2014 \$'000	2013 \$'000
At 1 January	129,433	153,555
Purchases	33,094	498
Sales	(15,946)	(18,394)
Fair value gain/(loss) recognised in other comprehensive income	8,696	(6,438)
Exchange differences	63	212
At 31 December	155,340	129,433

The following table presents the reconciliation of investment properties measured at fair value based on significant unobservable inputs (Level 3).

	Group	
	2014 \$'000	2013 \$'000
At 1 January	2,050,948	5,419,850
Development expenditure	34,644	247,769
Fair value gain	75,962	160,689
Disposal	(454,712)	-
Subsidiary disposed	-	(3,757,083)
Reclassification		
- Stocks and work-in-progress	-	(9,200)
Exchange differences	30,106	(11,077)
At 31 December	1,736,948	2,050,948

The fair value of financial instruments categorised under Level 1 of the fair value hierarchy is based on published market bid prices at the balance sheet date.

The fair value of financial instruments categorised under Level 2 of the fair value hierarchy are fair valued under valuation techniques with market observable inputs. These include forward pricing and swap models utilising present value calculations using inputs such as observable foreign exchange rates (forward and spot rates), interest rate curves and forward rate curves and discount rates that reflects the credit risks of various counterparties. The fair value of available-for-sale investments categorised under Level 2 of the fair value hierarchy are based on the net asset value in the fund managers' valuation reports at the balance sheet date and is derived from prices from an observable market.

The fair value of residential investment property categorised under Level 2 is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market. The most significant input is selling price per square feet.

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments and investment properties categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at 31 December 2014 \$'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Available-for-sale investments	155,340	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
Investment Properties				
- Commercial, completed	784,931	Direct comparison method, income capitalisation method and/or discounted cash flow method	Discount rate Occupancy rate Terminal yield Capitalisation rate Monthly effective rental (psm)	4.25% to 14.99% 70% to 98% 10.41% to 11.15% 7.00% to 12.50% \$18 to \$78
- Commercial, under construction	952,017	Direct comparison method and/or residual method	Price of comparable land plots (psm) Gross development value (\$'million)	\$10,075 to \$11,289 \$598 to \$893

* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

34. Financial risk management (continued)

Description	Fair value as at 31 December 2013 \$'000	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs
Available-for-sale investments	129,433	Net asset value and/or discounted cash flow	Net asset value*	Not applicable
Investment Properties				
- Commercial, completed	1,205,222	Direct comparison method, income capitalisation method and/or discounted cash flow method	Discount rate	4.25% to 14.04%
			Occupancy rate	70% to 100%
			Terminal yield	9.40% to 12.00%
			Capitalisation rate	4.00% to 13.50%
			Monthly effective rental (psm)	\$20 to \$70
- Commercial, under construction	845,726	Direct comparison method and/or residual method	Price of comparable land plots (psm)	\$4,240 to \$4,570
			Gross development value (\$million)	\$570 to \$850

* Fair value of unquoted equity instruments is determined by reference to the underlying assets value of the investee companies, which comprise mainly investment properties stated at fair value.

The financial instruments and investment properties categorised under Level 3 of the fair value hierarchy are generally sensitive to the various unobservable inputs tabled above. A significant movement of each input would result in significant change to the fair value of the respective asset/liability.

The Group's finance team assessed the fair value of available-for-sale investments on a quarterly basis.

Valuation process of investment properties is described in Note 7.

35. Segment analysis

The Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Offshore & Marine

Principal activities include offshore rig design, construction, repair and upgrading, ship conversions and repair, and specialised shipbuilding. The Division has operations in Brazil, China, Singapore, United States and other countries.

(ii) Infrastructure

Principal activities include environmental engineering, power generation, logistics and data centres. The Division has operations in China, Qatar, Singapore, United Kingdom and other countries.

(iii) Property

Principal activities include property development and investment, and property fund management. The Division has operations in Australia, China, India, Indonesia, Singapore, Vietnam and other countries.

(iv) Investments

The Investments Division consists mainly of the Group's investments in KrisEnergy Limited, M1 Limited, K1 Ventures Ltd, and equities.

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss. Information regarding the Group's reportable segments is presented in the following table:

	Offshore & Marine \$'000	Infrastructure \$'000	Property \$'000	Investments \$'000	Elimination \$'000	Total \$'000
2014						
Revenue						
External sales	8,556,252	2,933,358	1,729,348	64,021	-	13,282,979
Inter-segment sales	491	50,835	3,619	69,758	(124,703)	-
Total	<u>8,556,743</u>	<u>2,984,193</u>	<u>1,732,967</u>	<u>133,779</u>	<u>(124,703)</u>	<u>13,282,979</u>
Segment Results						
Operating profit	1,223,828	465,727	667,280	18,152	(1,567)	2,373,420
Investment income	7,472	-	3,558	906	-	11,936
Interest income	88,812	960	26,066	134,251	(116,985)	133,104
Interest expenses	(12,257)	(44,741)	(60,976)	(134,602)	118,552	(134,024)
Share of results of associated companies	57,346	29,348	381,209	36,273	-	504,176
Profit before tax	1,365,201	451,294	1,017,137	54,980	-	2,888,612
Taxation	(272,706)	(44,530)	(140,024)	(5,102)	-	(462,362)
Profit for the year	<u>1,092,495</u>	<u>406,764</u>	<u>877,113</u>	<u>49,878</u>	<u>-</u>	<u>2,426,250</u>
Attributable to:						
Shareholders of Company	1,039,684	319,990	481,993	43,131	-	1,884,798
Non-controlling interests	52,811	86,774	395,120	6,747	-	541,452
	<u>1,092,495</u>	<u>406,764</u>	<u>877,113</u>	<u>49,878</u>	<u>-</u>	<u>2,426,250</u>
Other information						
Segment assets	9,626,640	4,263,143	16,340,181	8,954,630	(7,629,769)	31,554,825
Segment liabilities	7,299,871	3,311,344	7,417,171	6,428,567	(7,629,769)	16,827,184
Net assets	<u>2,326,769</u>	<u>951,799</u>	<u>8,923,010</u>	<u>2,526,063</u>	<u>-</u>	<u>14,727,641</u>
Investment in associated companies	539,932	649,565	3,205,343	593,604	-	4,988,444
Additions to non-current assets	268,402	489,995	234,956	268	-	993,621
Depreciation and amortisation	141,816	104,219	18,601	500	-	265,136

Geographical information

	Singapore \$'000	Brazil \$'000	Far East & other ASEAN countries \$'000	Other countries \$'000	Elimination \$'000	Total \$'000
External sales	9,292,272	1,841,396	1,478,354	670,957	-	13,282,979
Non-current assets	5,705,455	325,563	3,196,615	523,073	-	9,750,706

Other than Singapore and Brazil, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2014.

Information about a major customer

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2014.

Note: Pricing of inter-segment goods and services is at fair market value.

35. Segment analysis (continued)

	Offshore & Marine \$'000	Infrastructure \$'000	Property \$'000	Investments \$'000	Elimination \$'000	Total \$'000
2013						
Revenue						
External sales	7,126,354	3,459,332	1,767,532	27,201	-	12,380,419
Inter-segment sales	3,588	57,041	5,130	72,115	(137,874)	-
Total	<u>7,129,942</u>	<u>3,516,373</u>	<u>1,772,662</u>	<u>99,316</u>	<u>(137,874)</u>	<u>12,380,419</u>
Segment Results						
Operating profit	1,059,031	69,243	981,332	17,501	7,262	2,134,369
Investment income	2,340	-	11,568	125	-	14,033
Interest income	76,371	1,379	55,413	124,374	(113,348)	144,189
Interest expenses	(11,545)	(28,168)	(71,361)	(119,730)	106,086	(124,718)
Share of results of associated companies	75,508	30,810	462,248	57,301	-	625,867
Profit before tax	1,201,705	73,264	1,439,200	79,571	-	2,793,740
Taxation	(221,269)	(43,414)	(112,979)	(19,704)	-	(397,366)
Profit for the year	<u>980,436</u>	<u>29,850</u>	<u>1,326,221</u>	<u>59,867</u>	<u>-</u>	<u>2,396,374</u>
Attributable to:						
Shareholders of Company	944,709	15,541	831,770	53,772	-	1,845,792
Non-controlling interests	35,727	14,309	494,451	6,095	-	550,582
	<u>980,436</u>	<u>29,850</u>	<u>1,326,221</u>	<u>59,867</u>	<u>-</u>	<u>2,396,374</u>
Other information						
Segment assets	8,070,683	3,833,349	15,674,360	7,918,618	(5,441,390)	30,055,620
Segment liabilities	5,681,553	3,011,183	7,515,138	5,600,273	(5,441,390)	16,366,757
Net assets	<u>2,389,130</u>	<u>822,166</u>	<u>8,159,222</u>	<u>2,318,345</u>	<u>-</u>	<u>13,688,863</u>
Associated companies	506,732	586,607	3,799,594	589,240	-	5,482,173
Additions to non-current assets	384,981	333,751	490,827	200,061	-	1,409,620
Depreciation and amortisation	136,741	80,476	24,583	492	-	242,292
Geographical information						
	Singapore \$'000	Brazil \$'000	Far East & other ASEAN countries \$'000	Other countries \$'000	Elimination \$'000	Total \$'000
External sales	9,288,023	1,087,682	1,162,208	842,506	-	12,380,419
Non-current assets	7,959,719	187,095	2,900,428	507,308	-	11,554,550

Other than Singapore, no single country accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2013.

Information about a major customer

No single external customer accounted for 10% or more of the Group's revenue for the financial year ended 31 December 2013.

Note: Pricing of inter-segment goods and services is at fair market value.

36. Non-adjusting events after balance sheet date

On 23 January 2015, the Company announced that it intends to make a voluntary unconditional cash offer for all the issued ordinary shares of Keppel Land Limited ("KLL") other than those already owned, controlled or agreed to be acquired by the Company as at the date of the offer. Pursuant to Section 215 of the Companies Act, the Company intends to exercise its right to compulsorily acquire all the shares not acquired under the offer in the event that the Company reaches or exceeds the Compulsory Acquisition Threshold. Thereafter, the Company will then proceed to delist KLL from the Singapore Stock Exchange. Please refer to the Offer Document dated 12 February 2015 for more details. Upon successful full privatisation of KLL, on a pro-forma basis, the Group's share capital and reserves as at 31 December 2014 is estimated to increase from approximately \$10.38 billion to \$10.77 billion and its net profit attributable to shareholders of the Company for FY2014 is estimated to increase from approximately \$1.9 billion to \$2.1 billion. As at the date of authorisation for issue of the financial statements, the transaction has not been completed.

37. New accounting standards and interpretations

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 19 (2011) *Defined Benefit Plans: Employee Contributions*
- Improvements to Financial Reporting Standards (January 2014)
- Improvements to Financial Reporting Standards (February 2014)
- Improvements to Financial Reporting Standards (November 2014)
- FRS 115 *Revenue from Contracts with Customers*
- FRS 109 *Financial Instruments*

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after 1 January 2017. The Group is currently evaluating the impact of the changes in the period of initial adoption.

37. New accounting standards and interpretations (continued)**FRS 109 Financial Instruments**

In December 2014, the Accounting Standards Council issued the final version of FRS 109 *Financial Instruments* which reflects all phases of the financial instruments project and replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. The Group is currently evaluating the impact of the changes in the period of initial adoption.

38. Significant subsidiaries and associated companies

Information relating to significant subsidiaries consolidated in these financial statements and significant associated companies whose results are equity accounted for is given in the following pages.

Significant Subsidiaries and Associated Companies

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	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
OFFSHORE & MARINE							
Offshore							
Subsidiaries							
Keppel Offshore and Marine Ltd	100	100	100	801,720	801,720	Singapore	Investment holding
Keppel FELS Ltd	100	100	100	#	#	Singapore	Construction, fabrication and repair of offshore production facilities and drilling rigs, power barges, specialised vessels and other offshore production facilities
Angra Propriedades & Administracao Ltd (1a)	100	100	100	#	#	Brazil	Holding of long-term investments and property management
AzerFELS Pte Ltd	68	68	60	#	#	Singapore	Holding of long-term investments
Caspian Shipyard Company LLC(1a) (formerly known as Caspian Shipyard Company Ltd)	75	51	45	#	#	Azerbaijan	Construction and repair of offshore drilling rigs
Deepwater Technology Group Pte Ltd	100	100	100	#	#	Singapore	Research and experimental development on deepwater engineering
Estaleiro BrasFELS Ltda(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas sector, shipyard works and other general business activities
FELS Offshore Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
Fernvale Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
FSTP Brasil Ltda(1a)	75	75	75	#	#	Brazil	Procurement of equipment and materials for the construction of offshore production facilities
FSTP Pte Ltd	75	75	75	#	#	Singapore	Project management, engineering and procurement
Guanabara Navegacao Ltda(1a)	100	100	100	#	#	Brazil	Ship owning
Hygrove Investments Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
Keppel AmFELS, LLC(3)	100	100	100	#	#	USA	Construction and repair of offshore drilling rigs and offshore production facilities
Keppel FELS Baltech Ltd(3)	100	100	100	#	#	Bulgaria	Marine and offshore engineering services
Keppel FELS Brasil SA(1a)	100	100	100	#	#	Brazil	Engineering, construction and fabrication of platforms for the oil and gas industry
Keppel Offshore & Marine Engineering Services Mumbai Pte Ltd(3)	100	100	100	#	#	India	Marine and offshore engineering services
Keppel Offshore & Marine Technology Centre Pte Ltd	100	100	100	#	#	Singapore	Research & development on marine and offshore engineering
Keppel Offshore & Marine USA Inc(3)	100	100	100	#	#	USA	Offshore and marine-related services

Significant Subsidiaries and Associated Companies

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
Keppel Sea Scan Pte Ltd	100	100	100	#	#	Singapore	Trading and installation of hardware, industrial, marine and building related products, leasing and provision of services
Keppel Singmarine Brasil Ltda(1a)	100	100	100	#	#	Brazil	Shipbuilding
Keppel Verolme BV(1a)	100	100	100	#	#	Netherlands	Construction and repair of offshore drilling rigs and ship repairs
KV Enterprises BV(1a)	100	100	100	#	#	Netherlands	Holding of long-term investments
KVE Administradora de Bens Imoveis Ltda(1a)	100	100	100	#	#	Brazil	Holding of long-term investments and property management
Lindel Pte Ltd	100	100	100	#	#	Singapore	Project management, engineering and procurement
Navegantes Administracoes de Bens Moveis e Imoveis Ltda(1a)	100	100	100	#	#	Brazil	Shipbuilding
Offshore Technology Development Pte Ltd	100	100	100	#	#	Singapore	Production of jacking systems
Regency Steel Japan Ltd(1a)	51	51	51	#	#	Japan	Sourcing, fabricating and supply of specialised steel components
Topaz Atlantic Unlimited(4)	100	100	100	#	#	BVI	Holding of long-term investments
Wideluck Enterprises Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
Willalpha Ltd(4)	100	100	100	#	#	BVI	Holding of long-term investments
Associated Companies							
Asian Lift Pte Ltd	50	50	50	#	#	Singapore	Provision of heavy-lift equipment and related services
Atwin Offshore & Marine Pte Ltd	30	30	30	#	#	Singapore	Investment holding company
FloaTEC Singapore Pte Ltd	50	50	50	#	#	Singapore	Manufacturing and repair of oil rigs
Floatel International Ltd(3)	50	50	47	#	#	Bermuda	Operating accommodation and construction support vessels (floatels) for the offshore oil and gas industry
Keppel Kazakhstan LLP(4)	-	-	50	-	#	Kazakhstan	Disposed
Marine Housing Services Pte Ltd	50	50	50	#	#	Singapore	Provision of housing services for marine workers
Seafox 5 Ltd(3)	49	49	49	#	#	Isle of Man	Owning and leasing of multi-purpose self-elevating platforms
Marine Subsidiaries							
Keppel Shipyard Ltd	100	100	100	#	#	Singapore	Ship repairing, shipbuilding and conversions
Keppel Philippines Marine Inc(1a)	98	98	98	#	#	Philippines	Shipbuilding and repairing
Alpine Engineering Services Pte Ltd	100	100	100	#	#	Singapore	Marine contracting
Blastech Abrasives Pte Ltd	100	100	100	#	#	Singapore	Painting, blasting, shot blasting, process and sale of slag

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
Keppel Nantong Heavy Industry Co Ltd(3)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Nantong Shipyard Company Ltd(3)	100	100	100	#	#	China	Engineering and construction of specialised vessels
Keppel Singmarine Pte Ltd	100	100	100	#	#	Singapore	Shipbuilding and repairing
Keppel Smit Towage Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Keppel Subic Shipyard Inc(1a)	87+	86+	86+	3,020	3,020	Philippines	Shipbuilding and repairing
KS Investments Pte Ltd	100	100	100	#	#	Singapore	Holding of long-term investments
KSI Production Pte Ltd(4)	100	100	100	#	#	BVI/Norway	Holding of long-term investments
Maju Maritime Pte Ltd	51	51	51	#	#	Singapore	Provision of towage services
Marine Technology Development Pte Ltd	100	100	100	#	#	Singapore	Provision of technical consultancy for ship design and engineering works
Associated Companies							
Arab Heavy Industries PJSC(1a)	33	33	33	#	#	UAE	Shipbuilding and repairing
Dyna-Mac Holdings Ltd(3)	24	24	24	#	#	Singapore	Investment holding
Dyna-Mac Keppel Philippines Inc(3)	40	40	40	#	#	Philippines	Fabrication and assembly of topside modules for FPSOs and FSOs
Kejora Resources Sdn Bhd(3)	49	25	25	#	#	Malaysia	Provision of towage services
Nakilat-Keppel Offshore & Marine Ltd(1a)	20	20	20	#	#	Qatar	Ship repairing
PV Keez Pte Ltd	20	20	20	#	#	Singapore	Chartering of ships, barges and boats with crew
INFRASTRUCTURE							
Subsidiaries							
Keppel Infrastructure Holdings Pte Ltd	100	100	100	445,892	445,892	Singapore	Investment holding
X-to-Energy							
Subsidiaries							
Keppel DHCS Pte Ltd	100	100	100	#	#	Singapore	Development of district heating and cooling system for the purpose of air cooling and other utility services
Associated Companies							
Keppel Infrastructure Trust (formerly known as K-Green Trust)	49	49	49	#	#	Singapore	Infrastructure business trust
Waste-to-Energy							
Subsidiaries							
Keppel Seghers Pte Ltd (formerly known as Keppel Seghers Holdings Pte Ltd)	100	100	100	#	#	Singapore	Provision of environmental, technologies, engineering works & construction activities

Significant Subsidiaries and Associated Companies

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
Keppel Seghers Belgium NV(1a)	100	100	100	#	#	Belgium	Provider of services and solutions to the environmental industry related to solid waste treatment
Keppel Seghers UK Ltd(1a)	100	100	100	#	#	United Kingdom	Design, supply and installation of flue gas treatment equipment
Associated Companies							
Tianjin Eco-City Energy Investment & Construction Co Ltd(3)	20	20	20	#	#	China	Investment and implementation of energy and utilities related infrastructure
Tianjin Eco-City Environmental Protection Co Ltd(3)	20	20	20	#	#	China	Investment, construction and operation of infrastructure for environmental protection
Gas-to-Power Subsidiaries							
Keppel Energy Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Electric Pte Ltd	100	100	100	#	#	Singapore	Electricity, energy and power supply and general wholesale trade
Keppel Gas Pte Ltd	100	100	100	#	#	Singapore	Purchase and sale of gaseous fuels
Keppel Merlimau Cogen Pte Ltd	100	100	100	#	#	Singapore	Commercial power generation
Infrastructure Services Subsidiaries							
Keppel Seghers Engineering Singapore Pte Ltd	100	100	100	#	#	Singapore	Engineering works, construction and O&M of plants and facilities
Keppel FMO Pte Ltd(4)	-	-	100	-	#	Singapore	Disposed
Associated Companies							
GE Keppel Energy Services Pte Ltd(2)	50	50	50	#	#	Singapore	Precision engineering, repairing, services and agencies
Others Subsidiaries							
Keppel Integrated Engineering Ltd	100	100	100	#	#	Singapore	Investment holding
Keppel Prince Engineering Pty Ltd(2a)	100	100	100	#	#	Australia	Metal fabrication
Keppel Seghers Hong Kong Ltd(1a)	100	100	100	#	#	HK	Investment holding
Logistics & Data Centres Subsidiaries							
Keppel Telecommunications & Transportation Ltd(2)	80	80	80	397,647	397,647	Singapore	Investment, management and holding company
Jilin Sino-Singapore Food Zone International Logistics Co Ltd(3)	70	56	56	#	#	China	Integrated logistics services, storage and distribution

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
Keppel Communications Pte Ltd(2)	100	80	80	#	#	Singapore	Trading and provision of communications systems and accessories
Keppel Data Centres Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
Keppel Data Centres Holding Pte Ltd(2)	100+	73+	73+	#	#	Singapore	Data centre facilities and co-location services
Keppel Datahub Pte Ltd(2)	100+	73+	73+	#	#	Singapore	Data centre facilities and co-location services
Keppel Digihub Ltd(2)	100+	73+	73+	#	#	Singapore	Data centre facilities and co-location services
Keppel DC REIT Management Pte Ltd(2) (formerly known as Keppel Data Centre Investment Management Pte Ltd)	100	80	80	#	#	Singapore	Investment holding and fund management
Keppel DC Investment Holdings Pte Ltd(2) (formerly known as TradeOneAsia Pte Ltd)	100	80	80	#	#	Singapore	Datacentre asset management services
Keppel Logistics (Foshan) Ltd(3)	70	56	56	#	#	China	Integrated logistics port operations, warehousing and distribution
Keppel Logistics Pte Ltd(2)	100	80	80	#	#	Singapore	Integrated logistics services and supply chain solutions
Keppel Telecoms Pte Ltd(2)	100	80	80	#	#	Singapore	Investment holding
Associated Companies							
Advanced Research Group Co Ltd(2a)	45	36	36	#	#	Thailand	IT publication and business information
Asia Airfreight Terminal Company Ltd(3)	10	8	8	#	#	HK	Operation of air cargo handling terminal
Citadel 100 Datacenters Ltd(3)	-	-	54	-	#	Ireland	Disposed
Computer Generated Solutions Inc(3)	21	17	17	#	#	USA	IT consulting and outsourcing provider
Keppel DC REIT(n)(3)	35+	27+	-	#	-	Singapore	Investment holding
Radiance Communications Pte Ltd(2)	50	40	40	#	#	Singapore	Distribution and maintenance of communications equipment and systems
Securus Data Property Fund Pte Ltd(3)	-	-	28	-	#	Singapore	Disposed
Securus Guernsey 2 Ltd(4)	-	-	44	-	#	Guernsey/ Australia	Disposed
SVOA Public Company Ltd(2a)	32	26	26	#	#	Thailand	Distribution of IT products and telecommunications services
Wuhu Sanshan Port Co Ltd(3)	50	40	40	#	#	China	Integrated logistics services and port operations

Significant Subsidiaries and Associated Companies

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
PROPERTY							
Subsidiaries							
Keppel Land Ltd(2)	55	55	55	1,685,699	1,685,699	Singapore	Holding, management and investment company
Keppel Land China Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel Bay Pte Ltd	100+	86+	86+	626	626	Singapore	Property development
Keppel Philippines Properties Inc(2a)	80+	57+	57+	493	493	Philippines	Investment holding
Aether Ltd(3)	51	28	28	#	#	HK	Investment holding
Aintree Assets Ltd(4)	100	55	55	#	#	BVI/Asia	Investment holding
Alpha Investment Partners Ltd(2)	100	55	55	#	#	Singapore	Fund management
Bayfront Development Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Beijing Aether Property Development Ltd(3)	51	28	28	#	#	China	Property investment
Beijing Kingsley Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Belwynn-Hung Phu Joint Venture LLC(2a)	60	33	33	#	#	Vietnam	Property development
Bintan Bay Resort Pte Ltd(2)	90	49	49	#	#	Singapore	Investment holding
Broad Elite Investments Ltd(4)	100	55	55	#	#	BVI/China	Investment holding
Castlehigh Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Changzhou Fushi Housing Development Pte Ltd(3)	100	55	55	#	#	China	Property development
Chengdu Hillstreet Development Co Ltd(3)	100	55	55	#	#	China	Property development
Chengdu Hilltop Development Co Ltd(3)	100	55	55	#	#	China	Property development
Chengdu Hillwest Development Co Ltd(3)	100	55	55	#	#	China	Property development
Chengdu Shengshi Jingwei Real Estate Investment Co Ltd(3)	100	55	55	#	#	China	Property development
D.L. Properties Ltd(2)	65	35	35	#	#	Singapore	Property investment
Double Peak Holdings Ltd(4)	100	55	55	#	#	BVI/ Singapore	Investment holding
Estella JV Co Ltd(2a)	55	30	30	#	#	Vietnam	Property development
Evergro Properties Ltd(2)	100	55	55	#	#	Singapore	Property investment and development
Floraville Estate Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Greenfield Development Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Harvestland Development Pte Ltd(2)	100	55	55	#	#	Singapore	Property development
Hillsvale Resort Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Hillwest Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
International Centre Co Ltd(1a)	79	59	59	#	#	Vietnam	Property investment

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
Jiangyin Evergro Properties Co Ltd(3)	99	54	54	#	#	China	Property development
KeplandeHub Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel Al Numu Development Ltd(2a)	51	28	28	#	#	Saudi Arabia	Property development
Keppel Bay Property Development (Shenyang) Co Ltd(3)	100	55	55	#	#	China	Property development
Keppel China Marina Holdings Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel China Township Development Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel Digihub Holdings Ltd(2)	100	55	55	#	#	Singapore	Investment, management and holding company
Keppel Heights (Wuxi) Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Keppel Hong Da (Tianjin Eco-City) Property Development Co Ltd(3)	100+	75+	75+	#	#	China	Property development
Keppel Hong Yuan (Tianjin Eco-City) Property Development Co Ltd(3)	100+	75+	75+	#	#	China	Property development
Keppel Lakefront (Nantong) Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Keppel Lakefront (Wuxi) Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Keppel Land (Mayfair) Pte Ltd(2)	100	55	55	#	#	Singapore	Property development
Keppel Land (Saigon Centre) Ltd(3)	100	55	55	#	#	HK	Investment holding
Keppel Land Financial Services Pte Ltd(2)	100	55	55	#	#	Singapore	Financial services
Keppel Land International Ltd(2)	100	55	55	#	#	Singapore	Property services
Keppel Land Properties Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel Land Realty Pte Ltd(2)	100	55	55	#	#	Singapore	Property development
Keppel Land Watco IV Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Land Watco V Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Puravankara Development Pvt Ltd(2a)	51	28	28	#	#	India	Property development
Keppel REIT Investment Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Keppel REIT Management Ltd(2)	100	55	55	#	#	Singapore	Property fund management
Keppel REIT Property Management Pte Ltd(2)	100	55	55	#	#	Singapore	Property management services

Significant Subsidiaries and Associated Companies

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
Keppel Thai Properties Public Co Ltd(2a)	45	25	25	#	#	Thailand	Property development and investment
Keppel Tianjin Eco-City Holdings Pte Ltd(2)	100+	75+	75+	#	#	Singapore	Investment holding
Keppel Tianjin Eco-City Investments Pte Ltd(2)	100+	75+	75+	126,137	126,137	Singapore	Investment holding
Keppel Township Development (Shenyang) Co Ltd(3)	100	55	55	#	#	China	Property development
Kingsdale Development Pte Ltd(2)	86	47	47	#	#	Singapore	Investment holding
Kingsley Investment Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Le-Vision Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Mansfield Developments Pte Ltd(2)	100	55	55	#	#	Singapore	Property development
Merryfield Investment Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Ocean & Capital Properties Pte Ltd(2)	100	55	55	#	#	Singapore	Property and investment holding
Oceansky Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
OIL (Asia) Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Parkville Development Pte Ltd(2)	100	55	55	#	#	Singapore	Property investment
Pembury Properties Ltd(4)	100	55	55	#	#	BVI/ Singapore	Investment holding
PT Harapan Global Niaga(n)(2a)	100	55	-	#	-	Indonesia	Property development
PT Kepland Investama(2a)	100	55	55	#	#	Indonesia	Property investment and development
PT Ria Bintan(1a)	100	25	25	#	#	Indonesia	Golf course ownership and operation
PT Sentral Supel Perkasa(2a)	80	44	44	#	#	Indonesia	Property investment and development
PT Sentral Tanjungan Perkasa(2a)	80	44	44	#	#	Indonesia	Property development
PT Straits-CM Village(1a)	100	21	21	#	#	Indonesia	Hotel ownership and operations
Quang Ba Royal Park JV Co(2a)	70	38	38	#	#	Vietnam	Property investment
Riviera Cove JV LLC(2a)	60	33	33	#	#	Vietnam	Property development
Riviera Point LLC(2a)	75	41	41	#	#	Vietnam	Property development
Saigon Centre Holdings Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Saigon Centre Investment Ltd(4)	100	55	55	#	#	BVI/HK	Investment holding
Saigon Sports City Ltd(2a)	100	49	49	#	#	Vietnam	Property development
Shanghai Floraville Land Co Ltd(3)	99	54	54	#	#	China	Property development
Shanghai Hongda Property Development Co Ltd(3)	100	54	54	#	#	China	Property development
Shanghai Ji Xiang Land Co Ltd(3)	100	55	55	#	#	China	Property development

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
Shanghai Jinju Real Estate Investment Co Ltd(3)	100	54	55	#	#	China	Property development
Shanghai Maowei Investment Consulting Co Ltd(3)	100	54	55	#	#	China	Investment holding
Shanghai Merryfield Land Co Ltd(3)	99	54	54	#	#	China	Property development
Shanghai Pasir Panjang Land Co Ltd(3)	99	54	54	#	#	China	Property development
Sherwood Development Pte Ltd(2)	70	38	38	#	#	Singapore	Property development
Spring City Golf & Lake Resort Co Ltd(3)	80	38	38	#	#	China	Golf club operations and development and property development
Spring City Resort Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Straits Greenfield Ltd(3)	100	55	55	#	#	Myanmar	Hotel ownership and operations
Straits Properties Ltd(2)	100	55	55	#	#	Singapore	Property development
Straits Property Investments Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding
Success View Enterprises Ltd(4)	100+	75+	75+	#	#	BVI/China	Investment holding
Sunsea Yacht Club (Zhongshan) Co Ltd(3)	100	44	44	#	#	China	Development of marina lifestyle cum residential properties
Sunseacan Investment (HK) Co Ltd(3)	80	44	44	#	#	HK	Investment holding
Third Dragon Development Pte Ltd(2)	100	55	55	#	#	Singapore	Investment holding and marketing agent
Tianjin Fushi Property Development Co Ltd(3)	100	55	55	#	#	China	Property development
Tianjin Keppel Hong Hui Procurement Headquarter Co Ltd(3)	100	55	55	#	#	China	Trading of construction materials
Triumph Jubilee Ltd(4)	100	55	55	#	#	BVI/China	Investment holding
Wiseland Investment Myanmar Ltd(3)	100	55	55	#	#	Myanmar	Hotel ownership and operations
Atlantic Marina Services (Asia-Pacific) Pte Ltd	100+	91+	91+	1,460	1,460	Singapore	Investment holding
Esqin Pte Ltd	100	100	100	11,001	11,001	Singapore	Investment holding
FELS Property Holdings Pte Ltd	100	100	100	78,214	78,214	Singapore	Investment holding
FELS SES International Pte Ltd	98+	90+	90+	48	48	Singapore	Investment holding
Harbourfront One Pte Ltd	70	65	65	#	#	Singapore	Property development
Keppel Group Eco-City Investments Pte Ltd	100+	84+	84+	126,744	126,744	Singapore	Investment holding
Keppel Houston Group LLC(4)	100	86	86	#	#	USA	Property investment
Keppel Kunming Resort Ltd(3)	100+	91+	91+	4	4	HK	Property investment
Keppel Point Pte Ltd	100+	86+	86+	122,785	122,785	Singapore	Property development and investment

Significant Subsidiaries and Associated Companies

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
Keppel Real Estate Investment Pte Ltd	100	100	100	764,400	764,400	Singapore	Investment holding
Petro Tower Ltd(3)	76	69	69	#	#	Vietnam	Property investment
Singapore Tianjin Eco-City Investment Holdings Pte Ltd	90	76	76	#	#	Singapore	Investment holding
Substantial Enterprises Ltd(4)	100	84	84	#	#	BVI	Investment holding
Associated Companies							
Asia Real Estate Fund Management Ltd(2)	-	-	27	-	#	Singapore	Liquidated
Bellenden Investments Ltd(4)	67	37	37	#	#	BVI/Vietnam	Investment holding
Central Boulevard Development Pte Ltd(2)	-	-	18	-	#	Singapore	Disposed
CityOne Development (Wuxi) Co Ltd(3)	50	27	27	#	#	China	Property development
CityOne Township Development Pte Ltd(2)	50	27	27	#	#	Singapore	Investment holding
Davinelle Ltd(4)	67	37	37	#	#	BVI/Vietnam	Investment holding
Dong Nai Waterfront City LLC(2a)	50	27	27	#	#	Vietnam	Property development
EM Services Pte Ltd(1a)	25	14	14	#	#	Singapore	Property management
Equity Rainbow II Pte Ltd(2)	43	23	23	#	#	China	Property investment
Harbourfront Three Pte Ltd(3)	39	34	34	#	#	Singapore	Property development
Harbourfront Two Pte Ltd(3)	39	34	34	#	#	Singapore	Property development
Keppel Land Watco I Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Land Watco II Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Land Watco III Co Ltd(2a)	68	37	37	#	#	Vietnam	Property investment and development
Keppel Magus Development Pvt Ltd(3)	-	-	21	-	#	India	Disposed
Keppel REIT(2)	45	25	25	#	#	Singapore	Real estate investment trust
PT Pulomas Gemala Misor(3)	25	14	14	#	#	Indonesia	Property development
PT Purimas Straits Resorts(3)	25	14	14	#	#	Indonesia	Development of holiday resort
Raffles Quay Asset Management Pte Ltd(2)	33	18	18	#	#	Singapore	Property management
Renown Property Holdings (M) Sdn Bhd(2a)	40	22	22	#	#	Malaysia	Property investment
SAFE Enterprises Pte Ltd(3)	25	14	14	#	#	Singapore	Investment holding
Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd(1a)	50	38	38	#	#	China	Property development
Suzhou Property Development Pte Ltd(3)	25	14	14	#	#	Singapore	Property development
Vietcombank Tower 198 Ltd(3)	30	27	27	#	#	Vietnam	Property investment

	Gross Interest 2014 %	Effective Equity Interest		Cost of Investment		Country of Incorporation /Operation	Principal Activities
		2014 %	2013 %	2014 \$'000	2013 \$'000		
INVESTMENTS							
Subsidiaries							
Keppel Philippines Holdings Inc(2a)	60+	59+	55+	-	-	Philippines	Investment holding
Alpha Real Estate Securities Fund	98	98	96	#	#	Singapore	Investment holding
Devan International Ltd(4)	100	100	100	#	#	BVI	Investment holding
Kep Holdings Ltd(4)	100	100	100+	#	10,480	BVI	Investment company
Kephinance Investment Pte Ltd	100	100	100	90,000	90,000	Singapore	Investment holding
Keptal Management Ltd(3)	100	100	100	#	#	HK	Investment company
Keppel Funds Investment Pte Ltd	100	100	100	#	#	Singapore	Investment company
Keppel GMTN Pte Ltd	100	100	100	10	10	Singapore	Investment holding
Keppel Investment Ltd	100	100	100	#	#	Singapore	Investment company
Keppel Oil & Gas Pte Ltd	100	100	100	#	#	Singapore	Investment holding
Kepventure Pte Ltd	100	100	100	484,355	484,355	Singapore	Investment holding
KI Investments (HK) Ltd(3)	100	100	100	#	#	HK	Investment company
Primero Investments Pte Ltd	100	100	100	#	#	Singapore	Investment company
Travelmore Pte Ltd	100	100	100	265	265	Singapore	Travel agency
Associated Companies							
k1 Ventures Ltd	36	36	36	#	#	Singapore	Investment holding
KrisEnergy Ltd(2)	31	31	31	#	#	BVI	Exploration for, and the development and production of oil and gas
M1 Ltd(2)	19	15	15	#	#	Singapore	Telecommunications services
Total Subsidiaries				5,140,520	5,151,000		

Notes:

(i) All the companies are audited by Deloitte & Touche LLP, Singapore except for the following:

(1a) Audited by overseas practice of Deloitte Touche Tohmatsu Limited;

(2) Audited by Ernst & Young LLP, Singapore;

(2a) Audited by overseas practice of Ernst & Young LLP;

(3) Audited by other firms of auditors; and

(4) Not required to be audited by law in the country of incorporation and companies disposed, liquidated and struck off.

In accordance to Rule 716 of The Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

(ii) + The shareholdings of these companies are held jointly with other subsidiaries.

(iii) # The shareholdings of these companies are held by subsidiaries of Keppel Corporation Limited.

(iv) (n) These companies were incorporated during the financial year.

(v) The subsidiaries' place of business is the same as its country of incorporation, unless otherwise specified.

(vi) Abbreviations:

British Virgin Islands (BVI) United Arab Emirates (UAE)

Hong Kong (HK) United States of America (USA)

(vii) The Company has 243 significant subsidiaries and associated companies as at 31 December 2014. Subsidiaries and associated companies are considered as significant (a) in accordance to Rule 718 of The Singapore Exchange Securities Trading Limited – Listing Rules, or (b) by reference to the significance of their economic activities.

Interested Person Transactions

The Group has obtained a general mandate from shareholders of the Company for interested person transactions in the Annual General Meeting held on 17 April 2014. During the financial year, the following interested person transactions were entered into by the Group:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Transaction for the Sale of Goods and Services				
Capitaland Group	-	-	182,980	5,400
Integradora de Servicios Petroleros Oro Negro	-	-	-	3,969
Mapletree Investments Group	-	-	113,760	3,600
Neptune Orient Lines Group	-	-	210	175
PSA International Group	-	-	1,021	17,140
SATS Group	-	-	-	7,712
Sembcorp Industries Group	-	-	-	527
Sembcorp Marine Group	-	-	2,315	1,625
Singapore Power Group	-	-	-	1,646
Singapore Technologies Engineering Group	-	-	1,183	2,135
Singapore Telecommunications Group	-	-	-	70
Temasek Holdings Group	-	-	3,758	-
Transaction for the Purchase of Goods and Services				
Certis CISCO Security Group	-	-	4,210	201
Gas Supply Pte Ltd	-	-	85,000	90,000
Mapletree Investments Group	-	-	730	21,284
PSA International Group	-	-	669	715
Sembcorp Marine Group	-	-	195	315
Singapore Power Group	-	-	400	-
Singapore Technologies Engineering Group	-	-	12,748	7,000
Singapore Telecommunications Group	-	-	5,200	-
Temasek Holdings Group	-	-	511	-
Total Interested Person Transactions	-	-	414,890	163,514

Save for the interested person transactions disclosed above, there were no other material contracts entered into by the Company and its subsidiaries involving the interests of its chief executive officer, directors or controlling shareholders, which are either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Key Executives

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In addition to the Chief Executive Officer (Mr Loh Chin Hua), the following are the key executive officers ("Key Executives") of the Company and its principal subsidiaries:

Chan Hon Chew, 49

Bachelor of Accountancy (Honours); Chartered Financial Analyst, Member of the Institute of Chartered Accountants Australia and Institute of the Singapore Chartered Accountants.

Mr Chan is the Chief Financial Officer of Keppel Corporation Limited, appointed with effect from 1 February 2014.

Prior to joining Keppel Corporation, Mr Chan was with Singapore Airlines Limited (SIA) and served as Senior Vice President (SVP) of Finance since June 2006. As SVP Finance, Mr Chan was responsible for a diverse range of functions including investor relations, corporate accounting and reporting, treasury, risk management and insurance. He was also involved in SIA's strategic planning process and had represented SIA as Director on the Boards of various companies including Tiger Airways and Virgin Atlantic Airways Limited.

Prior to SIA, Mr Chan was Assistant General Manager for Finance and Corporate Services at Wing Tai Holdings Limited, where he oversaw all financial matters as well as tax, legal and corporate secretarial functions from 1998 to 2003.

Mr Chan was appointed by Singapore's Ministry of Finance to the Board of the Singapore Accountancy Commission in April 2013. He was also elected to the Council of the Institute of Singapore Chartered Accountants in July 2013.

Mr Chan's principal directorships include Keppel Offshore & Marine Ltd, Keppel Land Limited, Keppel Infrastructure Holdings Pte Ltd and Keppel Telecommunications & Transportation Ltd. He is also the Chairman of Keppel DC REIT Management Pte Ltd (Manager of Keppel DC REIT).

Past principal directorships in the last five years

Tiger Airways Holdings Limited, Singapore Aviation & General Insurance Company (Pte) Ltd and RCMS Properties Private Limited.

Teo Soon Hoe, 65 (Deceased)

Bachelor of Business Administration, University of Singapore; Member of the Wharton Society of Fellows, University of Pennsylvania.

Mr Teo was Senior Executive Director on the Board of Keppel Corporation Limited.

Mr Teo began his career with the Keppel Group in 1975 when he joined Keppel Shipyard. He rose through the ranks and was seconded to various subsidiaries of the Keppel Group before assuming the position of Group Finance Director in 1985, a position that he held till 2011. Upon his retirement as Senior Executive Director on 1 June 2014, he continued to represent Keppel Corporation Limited as its nominee director on the boards of the Sino-Singapore Tianjin Eco-city companies and k1 Ventures Limited. He was also appointed by Keppel Land Limited and Keppel Telecommunications & Transportation Ltd as Senior Advisor to their respective boards, and was Chairman of M1 Limited.

Past principal directorships in the last five years

Keppel Corporation Limited, Keppel Telecommunications & Transportation Ltd, Keppel Land Limited, Keppel Infrastructure Fund Management Pte Ltd (Trustee-Manager of Keppel Infrastructure Trust), Keppel Philippines Holdings, Inc, M1 Limited and k1 Ventures Limited.

Tong Cheong Heong, 68 (Retired)

Graduate of Management Development Programme, Harvard Business School; Stanford-NUS Executive Programme; Diploma in Management Studies, The University of Chicago Graduate Business School.

Mr Tong was the Chief Executive Officer of Keppel Offshore & Marine Ltd from 1 January 2009 to 1 February 2014, and was responsible for the overall management and operations of Keppel Offshore & Marine Ltd. He was Executive Director of Keppel Corporation Limited since 2009 and Senior Executive Director from 2011 to 2014. Upon his retirement on 1 February 2014, he was appointed Senior Advisor to the Boards of Keppel Offshore & Marine Ltd and Keppel Infrastructure Holdings Pte Ltd.

Mr Tong was appointed Commander of the Volunteer Special Constabulary (VSC) from 1995 to 2001 and was honoured with Singapore Public Service Medal at the 1999 National Day Award. He was awarded the Medal of Commendation (Gold) Award at NTUC May Day 2010. He is a member of Board of Institute of Technical Education Governors, NTUC-U Care Fund Board of Trustees, DNV Southeast Asia Offshore Committee and Singapore Maritime Institute Governing Council. He had served as Vice President/President of Association of Singapore Marine Industries (1993-1996) and is a member of Society of Naval Architects and Marine Engineers (USA), American Bureau of Shipping and Nippon Kaiji Kyokai (Class NK). He is a Fellow of The Royal Institute of Naval Architects (RINA) UK, Institute of Marine Engineering, Science & Technology and the Society of Project Managers. He is a Fellow of Institute of Directors since 2008. Mr Tong is currently a Director of SIA Engineering Company Ltd.

Past principal directorships in the last five years

Keppel Corporation Limited, Keppel Offshore & Marine Ltd and Keppel Infrastructure Holdings Pte Ltd.

Chow Yew Yuen, 60

Bachelor of Science in Mechanical Engineering with First Class Honours, University of Newcastle-Upon-Tyne; Attended Advanced Management Programme at Harvard Business School.

Mr Chow was appointed Chief Executive Officer of Keppel Offshore & Marine Ltd on 1 February 2014. Prior to this, he was the Chief Operating Officer of Keppel Offshore & Marine Ltd since 1 March 2012 and before that, Managing Director of Keppel Offshore & Marine Ltd from 1 June 2011. He has been with the company for over 30 years and was based in the United States for 17 years. His experience is quite diverse, covering areas of technical, production, operations, commercial and management across different geographical and cultural borders.

In the Americas (the United States, Mexico and Brazil), Mr Chow is Chairman of Keppel AmFELS, LLC, Keppel FELS Brasil SA and Keppel Offshore & Marine USA, Inc.

He also serves as the Chairman of Keppel Singmarine Pte Ltd, Keppel Philippines Holdings Inc, Keppel Sea Scan Pte Ltd and Green Scan Pte Ltd. He is a Director on the Boards of Keppel Offshore & Marine Technology Centre Pte Ltd, FloaTEC LLC, Keppel FELS Limited, Keppel Shipyard Limited, Keppel Marine Agencies LLC, Bennett & Associates LLC, and Keppel Infrastructure Holdings Pte Ltd.

Mr Chow's other appointments include being a member of Workplace Safety and Health (WSH) Council, Vice President of Association of Singapore Marine Industries and a member of Singapore Accreditation Council, ABS Offshore Technical Committee, ABS Southeast Asia Regional Committee and DNV GL South East Asia & Pacific Committee.

Past principal directorships in the last five years

Keppel Energy Pte Ltd.

Wong Kok Seng, 64

Bachelor of Science (Honours) in Naval Architecture, University of Newcastle Upon Tyne; Attended the Program for Management Development in Harvard Business School in 1984.

Mr Wong is the Managing Director (Offshore) of Keppel Offshore & Marine Ltd and also Managing Director of Keppel FELS Limited. Prior to this appointment, he was the Executive Director of Keppel FELS Limited. His career in Keppel FELS Limited began in 1977 and he has held appointments as Structural Engineer, Project Engineer, Project Manager, Quality Assurance Manager, Planning and Estimating Manager, Assistant General Manager (Commercial) and Executive Director (Operations).

Mr Wong also held appointments in the Keppel Group as Project Director of Keppel Land Limited, Executive Director of Keppel Singmarine Pte Ltd and Senior General Manager (Group Procurement) of Keppel Offshore & Marine Ltd.

In addition to his current appointment, he serves as the Chairman of the Centre of Innovation, Marine and Offshore Technology (COI-MOT) Advisory Committee and as a member of the Workplace Safety & Health (WSH) Council Marine Industries Committee.

Mr Wong is a Chartered Engineer, a Fellow of the Institute of Marine Engineering, Science and Technology and is a member of the American Bureau of Shipping and the Royal Institution of Naval Architects.

Mr Wong is a Director of Keppel FELS Limited, Keppel Shipyard Limited, Keppel Nantong Shipyard Company Limited, Keppel Nantong Heavy Industry Co. Ltd., FloaTEC LLC, Floatec Singapore Pte Ltd, Offshore Technology Development Pte Ltd, Bintan Offshore Fabricators Pte Ltd (Chairman), Seafox 5 Limited, Keppel Offshore & Marine Technology Centre Pte Ltd, Deepwater Technology Group Pte Ltd, Regency Steel Japan Ltd, Caspian Shipyard Company Ltd, Keppel Amfels LLC, Keppel FELS Brasil, Greenscan Pte Ltd, Keppel Sea Scan Pte Ltd and Keppel Singmarine Pte Ltd.

Past principal directorships in the last five years

Nil

Michael Chia Hock Chye, 62

Colombo Plan Scholar, Bachelor of Science (First Class Honours) in Naval Architecture and Marine Engineering, University of Newcastle-Upon-Tyne; Masters in Business Administration, National University of Singapore; Graduate Certificate in International Arbitration, National University of Singapore.

Mr Chia is the Managing Director (Marine and Technology) of Keppel Offshore & Marine Ltd and Managing Director of Keppel Offshore & Marine Technology Centre. He was Director (Group Strategy & Development) of Keppel Corporation Limited from January 2011 to January 2013. He was the Executive Director of Keppel FELS Limited from 2002 to 2009, with overall responsibility of the business management of the company. Mr Chia was also Deputy Chairman of Keppel Integrated Engineering Ltd from 2009 to 2011 and Chief Executive Officer from 2009 to 2010. He has more than 30 years of management experience in corporate development, engineering, operations and commercial.

Mr Chia was elected as the President of the Association of Singapore Marines Industries from 2005 to 2009, a non-profit association formed in 1968 to promote the interests of the marine industry in Singapore and was a member of the Ngee Ann Polytechnic Council from 2006 to 2012. Mr Chia is currently the Chairman of the Singapore Maritime Foundation since 2010. Prior to the Chairmanship, he was a Board Member from 2005 to 2010. He is a member of the American Bureau of Shipping, USA, Fellow member with the Society of Naval Architects and Marine Engineers Singapore, and Fellow member with the Singapore Institute of Arbitrators.

His principal directorships include Keppel Shipyard Limited, Keppel FELS Limited, FloaTEC LLC, Floatel International Ltd, Keppel Offshore & Marine Technology Centre Pte Ltd, DPS Bristol (Holdings) Ltd, Keppel Singmarine Pte Ltd, Keppel Smit Towage Pte Ltd, Maju Maritime Pte Ltd, Nakilat Keppel Offshore & Marine Ltd and Dyna-Mac Holdings Ltd.

Past principal directorships in the last five years

Floatec Singapore Pte Ltd, Keppel Infrastructure Fund Management Pte Ltd, Keppel AmFELS Inc (USA), Keppel Integrated Engineering Ltd and Keppel Telecommunications & Transportation Ltd.

Chor How Jat, 53

Bachelor of Engineering (Honours) in Naval Architect & Shipbuilding, University of Newcastle Upon Tyne; Master of Science in Marine Technology, University of Newcastle Upon Tyne; General Management Program, Harvard Business School.

Mr Chor is the Managing Director of Keppel Shipyard Limited since October 2012. Mr Chor began his professional career with Keppel Offshore and Marine Ltd in 1989 and held appointments as Shiprepair Manager of Keppel Shipyard Limited, Deputy Shipyard Manager, Shipyard Manager of Keppel FELS Limited, General Manager (Operations) of Keppel FELS Limited and Executive Director of Keppel Shipyard Limited.

Mr Chor serves as Director on the Board of Keppel Shipyard Limited, Asian Lift Pte Ltd, Keppel Philippines Marine Inc, Keppel Batangas Shipyard, Keppel Subic Shipyard Inc, Keppel Offshore & Marine Technology Centre Pte Ltd, Keppel Singmarine Pte Ltd, KS Investments Pte Ltd, Keppel Sea Scan Pte Ltd, Green Scan Pte Ltd and Keppel FELS Limited. Mr Chor is also Chairman of Blastech Abrasives Pte Ltd, Nusa Maritime Pte Ltd, Alpine Engineering Services Pte Ltd and Blue Ocean Solutions Pte Ltd.

In addition, Mr Chor is a council member of Association of Singapore Marine Industries (ASMI) and a member of Workplace Safety and Health Council (Marine Industries), American Bureau of Shipping Nominating Committee, ClassNK Singapore Technical Committee of Nippon Kaiji Kyokai, Lloyd's Register South East Asia Technical Committee (SEATC) and AIDS Business Alliance - the Health Promotion Board.

Past principal directorships in the last five years

Japan Regency Steel Limited, Atwin Offshore and Marine Pte Ltd, Keppel FELS Offshore and Engineering Services Mumbai Pvt. Ltd. and KSI Production Pte Ltd.

Abu Bakar Bin Mohd Nor, 49

Master of Business Administration, Singapore Management University, Diploma in Building, Singapore Polytechnic

Mr Abu Bakar Mohd Nor is the Managing Director of Keppel Singmarine Pte Ltd, appointed with effect from 1 November 2014. Prior to this appointment, he was the Chief Executive Officer of Nakilat-Keppel Offshore & Marine (N-KOM), since 2011. He began his career in the HSE department at Keppel Shipyard Limited and rose through the ranks, holding various appointments in the Operations and Commercial departments.

Mr Abu Bakar sits on various Boards in the Keppel Group companies and associates, such as Keppel Shipyard Limited, Arab Heavy Industries PJSC, Keppel Singmarine Pte Ltd, Keppel Sea Scan Pte Ltd, Green Scan Pte Ltd, Marine Technology Development Pte Ltd, Keppel FELS Limited, Keppel Offshore & Marine Technology Centre Pte Ltd, Nakilat Keppel Offshore & Marine Pte Ltd and Baku Shipyard LLC.

He has also held various appointments at the national and industry levels such as Member of the Singapore Workplace Safety & Health Council (Marine Industries) Sub-Committee, Council Member of the Association of Singapore Marine Industries (ASMI) where he chaired the Safety Committee during his tenure. He has also served in various committees of the Ministry of Defence, Singapore such as Member of the Advisory Council on Community Relations in Defence, Reward and Recognition Committee for Defence and was a Member of the SAFRA Management Committee where he chaired various SAFRA Clubs as Chairman and Vice-Chairman.

Mr Abu Bakar is a Brigade Commander, holding the rank of Colonel (National Service) in the Singapore Armed Forces (SAF). He also served as the Singapore President's Honorary Aide-de-Camp to both Mr Ong Teng Cheong and Mr Nathan during their tenure as the President of Singapore.

Past Principal directorships in the last five years

Alpine Engineering Services Pte Ltd, Blastech Abrasives Pte Ltd and Primesteelkit Pte Ltd

Ong Tiong Guan, 56

Bachelor of Engineering (First Class Honours), Monash University; Doctor of Philosophy (Ph.D.) under Monash Graduate Scholarship, Monash University, Australia.

Dr Ong was appointed Keppel Energy Pte Ltd's Executive Director in November 1999. He became Managing Director of Keppel Energy Pte Ltd with effect from 1 May 2003 and was appointed Deputy Chairman of Keppel Integrated Engineering Ltd on April 2013.

Upon reorganisation of Keppel Energy Pte Ltd and Keppel Integrated Engineering Ltd under Keppel Infrastructure Holdings Pte Ltd in May 2013, Dr Ong was appointed Chief Executive Officer of Keppel Infrastructure Holdings Pte Ltd, responsible for the Keppel Group's energy infrastructure business.

Dr Ong's career spans across the energy industry from engineering and contracting to investment and ownership of energy assets.

His principal directorships include Keppel Infrastructure Holdings Pte Ltd, Keppel Energy Pte Ltd, Keppel Electric Pte Ltd, Keppel Gas Pte Ltd, Keppel Merlimau Cogen Pte Ltd, Keppel DHCS Pte Ltd, Keppel Infrastructure Services Pte Ltd, Keppel Infrastructure Fund Management Pte Ltd (Trustee-Manager of Keppel Infrastructure Trust), GE Keppel Services Pte Ltd and Keppel Seghers Pte Ltd.

Past principal directorships in the last five years

Nil

Nicholas Lai Garchun, 47

Master of Applied Finance from Macquarie University, Sydney; Bachelor of Social Sciences (Second Upper Honours) from National University of Singapore.

Mr Lai joined Keppel Energy Pte Ltd (then known as Keppel Fels Energy Pte Ltd) in 2002 as Assistant General Manager, Development to bring in more business opportunities for the company. Subsequently, his portfolio evolved to focus on growing gas and power generation capabilities and divesting non-core assets, in his capacity as General Manager. Today, he is the Executive Director, Gas-to-Power of Keppel Infrastructure Holdings Pte Ltd and continues to drive value to the gas and power businesses.

Mr Lai worked in Singapore Trade Development Board (currently known as IE Singapore) and Ministry of Trade & Industry in his early career, with an overseas stint in Hong Kong. He held an international business development role in Singapore Power International and a finance director role in a subsidiary of SembCorp Industries prior to joining Keppel Energy Pte Ltd.

He is a Director of Keppel Energy Pte Ltd, Keppel Merlimau Cogen Pte Ltd, Keppel Electric Pte Ltd, Keppel Gas Pte Ltd, Pipenet Pte Ltd and Keppel Energy Ventures Pte Ltd.

Past principal directorships in the last five years

Nil

Tan Boon Leng, 50

Master of Science in Management (Distinction) from Imperial College, London; Bachelor of Science with Second Upper Honours in Computer Science from University College London.

Mr Tan joined Keppel Energy Pte Ltd (then known as Keppel Fels Energy Pte Ltd) in 2000 as General Manager (Development), to spearhead the company's business development activities. He was responsible for the implementation of Keppel Merlimau Cogen (KMC) Phase 1 (500MW) project and the subsequent 800MW expansion. He was also responsible for the company's retail and trading operations in the Singapore electricity market before his new appointment under Keppel Infrastructure Holdings Pte Ltd.

Upon the reorganisation of Keppel Energy Pte Ltd and Keppel Integrated Engineering Ltd under Keppel Infrastructure Holdings Pte Ltd in May 2013, Mr Tan was appointed the Executive Director, X-to-Energy of Keppel Infrastructure Holdings Pte Ltd. Companies under X-to-Energy include Keppel DHCS (District Heating and Cooling Systems) and Keppel Infrastructure Fund Management Pte Ltd, which is the Trustee-Manager of Keppel Infrastructure Trust. In December 2013, he was also appointed to the Board of Keppel Seghers Belgium NV and took on the role as Project Sponsor based in UK to oversee the execution of the 750,000 tons/year Energy from Waste Plant under construction in Runcorn, UK.

Mr Tan sits on the Boards of Keppel Infrastructure Fund Management Pte Ltd, Keppel DHCS Pte Ltd, Keppel Seghers Belgium NV, Keppel Seghers UK Ltd and Keppel Energy Ventures Pte Ltd.

Past principal directorships in the last five years

Keppel Gas Pte Ltd, Pipenet Pte Ltd and GE Keppel Energy Services Pte Ltd.

Alan Tay Teck Loon, 45

Bachelor of Business Administration (Honours), National University of Singapore.

Mr Tay is Director, Business Development of Keppel Infrastructure Holdings Pte Ltd, with overall responsibility for the business development of the company and its subsidiaries. Prior to joining the Keppel Group, Mr Tay was Head of South East Asia for JPMorgan Asset Management, Global Real Assets - Asian Infrastructure, a private equity fund focused on infrastructure and related resources investments across Asia. He was also a member of the fund's Investment Committee.

Mr Tay's experience spans across mergers & acquisitions, greenfield development, joint venture, disposal, debt and equity fund raising transactions throughout Asia, covering power, natural gas, waste-to-energy, transportation, banking, property, water, shipyard and manufacturing sectors.

He is a Director of GE Keppel Energy Services Pte Ltd.

Past principal directorships in the last five years

J.P. Morgan Asset Management Real Assets (Singapore) Pte Ltd and Eco Management Korea Holdings Inc.

Cindy Lim Joo Ling, 37

Bachelor of Engineering (Mechanical & Production) with Second Upper Honours from the Nanyang Technological University; Executive MBA from the Singapore Management University; General Management Programme at Harvard Business School.

Ms Lim is currently the Executive Director of Infrastructure Services at Keppel Infrastructure Holdings Pte Ltd, which focuses on maximising the value of assets through value-added and reliable operations and maintenance services and excellent health, safety and environment performance. Ms Lim also oversees innovation and process excellence, information technology and enterprise risk management.

Prior to her current appointment, she was the General Manager (Group Human Resources) of Keppel Corporation Limited. Ms Lim started her career as a management system auditor and consultant before she joined Keppel FELS Limited in 2001 as a Quality System Engineer. She had since held several leadership positions at Keppel FELS Limited and Keppel Offshore & Marine Ltd in Quality System, Process Excellence and Talent Management.

Ms Lim sits on the Boards of Keppel Seghers Engineering Singapore Pte Ltd, GE Keppel Energy Services Pte Ltd, Keppel Infrastructure Services Pte Ltd, KMC O&M Pte Ltd, Keppel Seghers Pte Ltd, Keppel Seghers O&M Pte Ltd, Keppels Engineering Pte Ltd and Keppel FMO (India) Pte Ltd.

Past principal directorships in the last five years

Alpine Engineering Services Pte Ltd, Prime Steelkit Pte Ltd, Keppel FMO Pte Ltd, Keppel Nantong Shipyard Co. Ltd, Keppel Nantong Heavy Industry Co. Ltd, Keppel FELS Offshore and Engineering Services Mumbai Pvt Limited and Travelmore (Pte) Ltd.

Khor Un-Hun, 45

Bachelor of Accountancy (First Class Honours), Nanyang Technological University

Mr Khor Un-Hun has been the Chief Executive Officer of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust (KIT), since May 2014. As the Chief Executive Officer, he is responsible for working with the Board to determine the strategy for KIT. He works with other members of the Trustee-Manager's management team to execute the stated strategy of the Trustee-Manager.

Mr Khor joined Keppel Infrastructure Holdings Pte Ltd (KI) as Development Director in April 2014, where he worked on KI's various business development initiatives.

Prior to joining KI, Mr Khor spent most of his career in the banking industry, during which he was involved in a wide range of mergers and acquisitions, financial advisory, capital markets and debt transactions across different sectors throughout Asia.

He held various positions in the corporate finance teams of Deutsche Bank and ING Bank in Singapore and Hong Kong before becoming Managing Director and Head of Corporate Finance, Asia at ING Bank. He was also a Member of ING Bank's Regional Management Committee.

Principal directorships in the last five years

Nil

Thomas Pang Thieng Hwi, 50

Master of Arts (Honourary Award) and Bachelor of Arts (Engineering), University of Cambridge; Investment Management Certificate from The CFA Society of the UK.

Mr Pang is currently Executive Director and Chief Executive Officer of Keppel Telecommunications & Transportation Ltd, a position he held since July 2014. From June 2010 to June 2014, he was Chief Executive Officer of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure Trust (KIT), responsible for working with the board to determine the strategy for KIT.

Mr Pang joined Keppel Offshore & Marine Ltd in 2002 as a Senior Manager (Merger Integration Office) to assist in the merger integration of Keppel FELS Limited and Keppel Shipyard Limited. He was promoted to General Manager (Corporate Development) in 2007 and oversaw the investment, mergers and acquisitions, and strategic planning of Keppel Offshore & Marine Ltd, during which he assisted in Keppel Offshore & Marine's expansion into Japan, Indonesia, China, Qatar and Azerbaijan, as well as the establishment of Keppel Offshore & Marine Technology Centre.

Prior to that, he was an investment manager with Vertex Management (United Kingdom) from 1998 to 2001. Mr Pang was also the Vice President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as the Assistant Head (Services Group, Enterprise Development Division) at the Economic Development Board of Singapore from 1988 to 1995.

Past principal directorships in the last five years

Keppel Seghers Newater Development Co Pte Ltd, Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, Senoko Waste-To-Energy Pte Ltd and Caspian Rigbuilders Pte Ltd.

Chua Hsien Yang, 37

Bachelor of Engineering (Civil), University of Canterbury; Master of Business Administration, University of Western Australia.

Mr Chua is the Chief Executive Officer of Keppel DC REIT Management Pte Ltd (Manager of Keppel DC REIT). Mr Chua has 13 years of experience in fund management, business development and asset management in the real estate and hospitality sectors in the Asia-Pacific region.

Prior to that, Mr Chua held the position of Senior Vice President of Keppel REIT Management Limited since 2008, where he headed the investment team. He was previously with Ascott Residence Trust Management Limited as Director of Business Development and Asset Management, and with Hotel Plaza Limited (now known as Pan Pacific Hotels Group Limited) as Assistant Vice President of Asset Management.

Past principal directorships in the last five years

Mirvac 8 Chifley Pty Limited and Mirvac (Old Treasury) Pty Limited.

Ang Wee Gee, 53

Bachelor of Science summa cum laude, University of Denver, USA; Master of Business Administration, Imperial College, University of London, UK.

Mr Ang joined the Keppel Land Group in 1991 and was appointed Chief Executive Officer of Keppel Land Limited on 1 January 2013.

Prior to his appointment as Chief Executive Officer of Keppel Land Limited, Mr Ang held senior management positions in the Group. He was Executive Vice Chairman of Keppel Land China Limited, a wholly-owned subsidiary of Keppel Land Limited which was formed in 2010 to own and operate Keppel Land Limited's businesses in China. Prior to that, he was Executive Director and Chief Executive Officer, International of Keppel Land International Limited, responsible for the Group's overseas businesses. He was also Chairman of Keppel Philippines Properties Inc and Keppel Thai Properties Public Company Limited, which are listed on the Philippine Stock Exchange and The Stock Exchange of Thailand respectively. Mr Ang previously held various positions in business and project development for Singapore and overseas markets, and corporate planning in the Group's hospitality management arm. He was also the Group's Country Head for Vietnam as well as Head of Keppel Land Hospitality Management Pte Ltd.

Prior to joining Keppel Land Group, Mr Ang acquired diverse experience in the hotel, real estate and management consulting industries in the USA, Hong Kong and Singapore.

Past principal directorships in the last five years

Various subsidiaries and associated companies of Keppel Land Limited.

Tan Swee Ylow, 54

Bachelor of Science (First Class Honours) in Estate Management, National University of Singapore; Master of Business Administration in Accountancy, Nanyang Technological University.

Mr Tan joined the Keppel Land Group in 1990 and is currently President (Singapore), overseeing the Group's investment and development operations in Singapore. He is concurrently Head of its hospitality management arm, Keppel Land Hospitality Management Pte Ltd.

Mr Tan is a Director of a number of subsidiaries and associated companies of the Group including Keppel Bay Pte Ltd, Keppel Land Hospitality Management Pte Ltd and Raffles Quay Asset Management Pte Ltd.

In addition, he is on the Board of Singapore Green Building Council and a Member of World Green Building Council's Corporate Advisory Board. He also serves on the Management Council of Real Estate Developers' Association of Singapore and the Workplace Safety Health Council (Construction and Landscape Committee).

Past principal directorships in the last five years

Asia No. 1 Property Fund, Keppel Thai Properties Public Company Ltd, Keppel REIT Management Ltd, EM Services Pte Ltd, and other subsidiaries and associated companies of Keppel Land Limited.

Ho Cheok Kong, 58

Bachelor of Engineering (Honours, 2nd Upper) from the University of Western Australia under the Colombo Plan Scholarship.

Mr Ho first joined the Keppel Land Group in 1990. He is currently President of Keppel Land China Limited, a wholly-owned subsidiary of Keppel Land Limited which owns and operates Keppel Land Group's businesses in China.

Prior to re-joining the Keppel Land Group in 2007, Mr Ho had extensive experience in the investment and development of various commercial, industrial and residential developments in Singapore and other countries in Asia. He had extensive experience in China, starting with the investment and development of the Spring City Golf & Lake Resort in 1993. Based in Shanghai since 2007, Mr Ho currently oversees business operations of all projects in China.

Past principal directorships in the last five years

Nil

Ng Hsueh Ling, 48

Bachelor of Science in Real Estate, National University of Singapore.

Ms Ng has been the Chief Executive Officer and Executive Director of Keppel REIT Management Limited (the Manager of Keppel REIT) since 17 August 2009. She works with the Board of the Manager to set the strategy for the REIT and make recommendations to the Trustee of Keppel REIT. Ms Ng leads the management team of the Manager to deliver stable and sustainable returns to Keppel REIT Unitholders by proactively optimising and enhancing the property portfolio.

With over 25 years of experience in the real estate industry, Ms Ng has been involved in the strategic sourcing, investment, asset and portfolio management and development of assets in key Asian cities. She has also extensive fund management experience in the areas of real estate fund product creation, deal origination, distribution and structuring of real estate-based financial products.

Ms Ng previously served as the Senior Vice President (Funds Business) as well as the Chief Executive Officer (Korea and Japan) of Ascendas Pte Ltd. She has also held key positions at CapitaLand Commercial Ltd and CapitaLand Financial Ltd.

Ms Ng is a Licensed Appraiser for land and buildings and is a Fellow of the Singapore Institute of Surveyors and Valuers.

Ms Ng is a Director of various subsidiaries and associated companies of Keppel REIT.

Past principal directorships in the last five years

The National Art Gallery, Singapore, and Raffles Quay Asset Management Pte Ltd.

Christina Tan Hua Mui, 49

Bachelor of Accountancy (Honours), National University of Singapore; Chartered Financial Analyst.

Ms Tan is the Managing Director of Alpha Investment Partners (AIP). She sits on the Investment Committee for all Funds and is also a Board Member of AIP. Ms Tan has more than 20 years of real estate and investment management experience. As a founding member, she has been actively involved in all phases of AIP's development since 2003. She is also instrumental in developing and implementing the portfolio strategy for all Alpha-managed funds. AIP is currently one of the largest pan-Asian managers with over S\$10 billion in assets under management.

Ms Tan previously served as Chief Financial Officer of GRA (Singapore) Private Limited, the Asian real estate fund management arm of the Prudential Insurance Company of America, managing more than US\$1 billion in real estate funds. Prior to that, Ms Tan was the Treasury Manager of Chartered Industries of Singapore. Ms Tan started her career with Ernst & Young LLP prior to joining the Government of Singapore Investment Corporation (GIC).

Past principal directorships in the last five years

Asia Real Estate Fund Management Limited, Hillsborough Limited, Growth Partners IV Holdings Ltd, Sino-Sing Alpha Partners HK Limited, and AAJ Investment Pte Ltd.

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Completed properties					
Keppel REIT	25%	Bugis Junction Towers Victoria Street, Singapore	15-storey office tower	99 years leasehold	Commercial office building with rentable area of 22,760 sqm
		Marina Bay Financial Centre (Phase 1) Marina Boulevard, Singapore	Land area: 20,505 sqm Two office towers of 33-storey and 50-storey with ancillary retail space	99 years leasehold	Commercial office building with rentable area of 162,039 sqm
		Marina Bay Financial Centre (Phase 2) Marina Boulevard, Singapore	Land area: 9,710 sqm 46-storey office tower with retail podium	99 years leasehold	Commercial office building with rentable area of 124,674 sqm
		Ocean Financial Centre Collyer Quay, Singapore	Land area: 6,109 sqm 43-storey office tower	999 years leasehold	Commercial office building with rentable area of 82,256 sqm
		One Raffles Quay Singapore	Land area: 11,367 sqm Two office towers of 50-storey and 29-storey	99 years leasehold	Commercial office building with rentable area of 123,828 sqm
		275 George Street Brisbane, Australia	Land area: 7,074 sqm 30-storey office tower	Freehold	Commercial office building with rentable area of 41,748 sqm
		77 King Street Office Tower Sydney, Australia	Land area: 1,284 sqm 18-storey office tower	Freehold	Commercial office building with rentable area of 13,622 sqm
		8 Chifley Square Sydney, Australia	Land area: 1,581 sqm 34-storey office tower	99 years leasehold	Commercial office building with rentable area of 19,350 sqm
		8 Exhibition Street Melbourne, Australia	Land area: 4,329 sqm 35-storey office tower	Freehold	Commercial office building with rentable area of 44,890 sqm
Keppel DC REIT	27%	S25 Serangoon, Singapore	Land area: 7,333 sqm 6-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 10,180 sqm
		T25 Tampines, Singapore	Land area: 5,000 sqm 5-storey data centre	30 years lease with option for another 30 years	Data centre with rentable area of 3,427 sqm

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
		Gore Hill Data Centre Sydney, Australia	Land area: 6,692 sqm 4-storey data centre	Freehold	Data centre with rentable area of 8,450 sqm
		Almere Data Centre Amsterdam, Netherlands	Land area: 7,930 sqm	Freehold	Data centre with rentable area of 11,000 sqm
		Citadel 100 Data Centre Dublin, Ireland	Land area: 20,275 sqm	40 years leasehold	Data centre with rentable area of 6,322 sqm
Keppel Datahub 2 Pte Ltd	73%	T27 Tampines, Singapore	Land area: 5,000 sqm	30 years lease with option for another 30 years	Data centre with rentable area of 4,645 sqm
Marina Bay Suites Pte Ltd ^	18%	Marina Bay Suites Singapore	Land area: 5,300 sqm	99 years leasehold	A 221-unit luxury condominium development
Parksville Development Pte Ltd	55%	Nassim Woods, Tanglin Road, Singapore	Land area: 5,785 sqm	99 years leasehold	A 35-unit luxurious condominium development
Mansfield Development Pte Ltd	55%	Keppel Towers and Keppel Towers 2 Hoe Chiang Rd, Singapore	Land area: 9,127 sqm 27-storey and 13-storey office towers	Freehold	Commercial office building with rentable area of 39,958 sqm
HarbourFront One Pte Ltd	65%	Keppel Bay Tower HarbourFront Avenue, Singapore	Land area: 17,267 sqm 18-storey office tower	99 years leasehold	Commercial office building with rentable area of 36,015 sqm
HarbourFront Two Pte Ltd	34%	HarbourFront Tower One and Two HarbourFront Place, Singapore	Land area: 10,923 sqm 18-storey and 16-storey office towers	99 years leasehold	Commercial office building with rentable area of 48,541 sqm
Keppel Bay Pte Ltd	86%	Reflections at Keppel Bay Singapore	Land area: 83,538 sqm	99 years leasehold	A 1,129-unit waterfront condominium development
Spring City Golf & Lake Resort Co (owned by Kingsdale Development Pte Ltd)	38%	Spring City Golf & Lake Resort Kunming, China	Land area: 2,884,749 sqm Two 18-hole golf courses, a club house	70 years lease (residential) 50 years lease (golf course)	Integrated resort comprising golf courses, resort homes and resort facilities
Tianjin Fushi Property Development Co Ltd	55%	Serenity Villa Tianjin, China	Land area: 128,685 sqm	70 years leasehold	A 340-unit residential development in Tianjin Eco-City

Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Equity Rainbow II Pte Ltd	23%	Life Hub @ Jinqiao Shanghai, China	Land area: 59,956 sqm	50 years leasehold	A retail and office development with rentable area of 79,214 sqm
PT Straits-CM Village	21%	Club Med Ria Bintan, Indonesia	Land area: 200,000 sqm	30 years lease with option for another 50 years	A 302-room beachfront hotel
PT Kepland Investama	55%	International Financial Centre (Tower 1) Jakarta, Indonesia	Land area: 10,428 sqm	20 years lease with option for another 20 years	A prime office development with rentable area of 27,933 sqm
Keppel Land Watco I Co Ltd	37%	Saigon Centre (Phase 1) Ho Chi Minh City, Vietnam	Land area: 2,730 sqm 25-storey office, retail cum serviced apartments development	50 years leasehold	Commercial building with rentable area of 10,443 sqm office, 3,663 sqm retail, 305 sqm post office and 89 units of serviced apartments
Properties under development					
Sherwood Development Pte Ltd	38%	The Glades Tanah Merah, Singapore	Land area: 31,882 sqm	99 years leasehold	A 726-unit condominium development *(2017)
Keppel Bay Pte Ltd	86%	Keppel Bay Plot 3 and 6, Singapore	Land area: 82,531 sqm	99 years leasehold	Waterfront condominium development *(2018)
Keppel Land Realty Pte Ltd	55%	The Luxurie Compassvale Road, Singapore	Land area: 17,700 sqm	99 years leasehold	A 622-unit condominium development *(2015)
Harvestland Development Pte Ltd	55%	Highline Residences Tiong Bahru, Singapore	Land area: 10,991 sqm	99 years leasehold	A 500-unit condominium development *(2018)
Beijing Aether Property Development Ltd	28%	Commercial Development Beijing, China	Land area: 26,081 sqm	40/50 years leasehold	An office and retail development in Chaoyang District *(2017)
Shanghai Ji Xiang Land Co Ltd	55%	Seasons Residence Shanghai, China	Land area: 71,621 sqm	70 years leasehold	A 1,102-unit residential development in Nanxiang, Jiading District *(2015)
Shanghai Pasir Panjang Land Co Ltd	54%	Eight Park Avenue Shanghai, China	Land area: 33,432 sqm	70 years leasehold	A 918-unit residential development *(2015)

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Shanghai Floraville Land Co Ltd	54%	Park Avenue Central Shanghai, China	Land area: 28,488 sqm	70 years leasehold	An office and retail development *(2019)
Shanghai Hongda Property Development Co Ltd	54%	The Springdale Shanghai, China	Land area: 264,090 sqm	70 years lease (residential) 40 years lease (commercial)	A 2,596-unit residential development with commercial and SOHO facilities in Pudong District *(2015)
Shanghai Jinju Real Estate Development Co Ltd	54%	Landed Development Shanghai, China	Land area: 175,191 sqm	70 years leasehold	A 217-unit landed development in Shenshan *(2016 Phase 1)
Spring City Golf & Lake Resort	38%	Spring City Golf & Lake Resort Kunming, China	Land area: 2,157,361 sqm	70 years leasehold	Integrated resort comprising golf courses, resort homes and resort facilities (Hill Crest Residence Phase 2B) *(2016)
Keppel Lakefront (Wuxi) Property Development Co Ltd	55%	Waterfront Residence	Land area: 215,230 sqm	40 years lease (commercial) 70 years lease (residential)	A 1,393-unit residential development with commercial and SOHO facilities in Binhu District *(2019)
CityOne Development (Wuxi) Co Ltd	27%	Central Park City Wuxi, China	Land area: 352,534 sqm	70 years lease (residential) 40 years lease (commercial)	A 5,339-unit residential township development with commercial and SOHO facilities in Binhu District *(2016)
Keppel Township Development (Shenyang) Co Ltd	55%	The Seasons Shenyang, China	Land area: 348,312 sqm	50 years lease (residential) 40 years lease (commercial)	A 2,794-unit residential township with integrated facilities in Shenbei New District
Keppel Hongda (Tianjin Eco-City) Property Development Co Ltd	75%	Development in Sino-Singapore Tianjin Eco-City Tianjin, China	Land area: 365,722 sqm	70 years lease (residential) 40 years lease (commercial)	A 4,354-unit residential development with office and retail space *(2016)
Chengdu Hillstreet Development Co Ltd	55%	Park Avenue Heights Chengdu, China	Land area: 50,782 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,535-unit residential development with commercial facilities in Jinjiang District *(2016)

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Major Properties

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Chengdu Hilltop Development Co Ltd	55%	Hill Crest Villa Chengdu, China	Land area: 249,330 sqm	70 years leasehold	A 274-unit landed development in Xinjin County *(2015 Phase 1)
Chengdu Shengshi Jingwei Real Estate Investment Co Ltd	55%	Serenity Villa Chengdu, China	Land area: 286,667 sqm	70 years leasehold	A 573-unit landed development in Xinjin County *(2015 Phase 1)
Sunsea Yacht Club (Zhongshan) Co Ltd	44%	Keppel Cove Zhongshan, China	Land area: 891,752 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,647-unit residential development with a mix of villas and apartments, and integrated marina lifestyle facilities *(2015 Phase 1)
Jiangyin Evergro Properties Co Ltd	54%	Stamford City Jiangyin, China	Land area: 82,987 sqm	70 years lease (residential) 40 years lease (commercial)	A 1,573-unit residential development with commercial and SOHO facilities *(2017 Phase 3)
Keppel Lakefront (Nantong) Property Development Co Ltd	55%	Waterfront Residence Nantong, China	Land area: 172,215 sqm	70 years leasehold	A 1,199-unit residential development *(2015 Phase 1)
MIP 59th and Third Development LLC	45%	Residential Development New York, United States	Land area: 13,750 sqm	Freehold	A residential-cum-retail development at Upper East Side in Manhattan
PT Harapan Global Niaga	55%	West Vista Jakarta, Indonesia	Land area: 28,903sqm	30 years lease with option for another 20 years	A 2,854-unit residential development with ancillary shop houses *(2018)
South Rach Chiec LLC	23%	Waterfront Residential Township Ho Chi Minh City, Vietnam	Land area: 302,093 sqm	50 years leasehold	A 945-unit residential township and commercial space *(2018-2020 Phase 1)
Estella JV Co Ltd	30%	Estella Heights Ho Chi Minh City, Vietnam	Land area: 25,393 sqm	50 years leasehold	A 872-unit residential development with commercial space in An Phu Ward, District 2 *(2018)
Dong Nai Waterfront City LLC (owned by Portsville Pte Ltd)	27%	Dong Nai Waterfront City Dong Nai Province, Vietnam	Land area: 3,667,127 sqm	50 years leasehold	A 11,715-unit residential township with commercial space in Long Thanh District *(2018-2021 Phase 1)

Held By	Effective Group Interest	Location	Description and Approximate Land Area	Tenure	Usage
Industrial properties					
Keppel FELS Limited	100%	Jurong, Pioneer, Crescent and Tuas South Yard, Singapore	Land area: 743,021 sqm buildings, workshops, building berths, drydocks and wharves	16 - 30 years leasehold	Oil rigs, offshore and marine construction, repair, fabrication, assembly and storage
Estaleiro BrasFELS Ltda	100%	Angra dos Reis, Rio de Janeiro, Brazil	Land area: 409,020 sqm building, workshops, drydock, berths and wharf	30 years leasehold	Offshore oil rig construction and repair
Keppel Shipyard Limited	100%	Benoi and Pioneer Yard, Singapore	Land area: 799,111 sqm buildings, workshops, drydocks and wharves	30 years leasehold	Shiprepairing, shipbuilding and marine construction

[^] On 16 December 2014, the Group disposed of its one-third interest in Central Boulevard Development Pte Ltd ("CBD") to Keppel REIT. However the Group continues to retain its rights, liabilities, benefits and obligations pertaining to Marina Bay Suites Pte Ltd, a wholly-owned subsidiary of CBD, through an undertaking deed entered into between the Group and Keppel REIT.

^{*} Expected year of completion

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Group Five-Year Performance

	2010	2011	2012	2013	2014
Selected Profit & Loss Account Data					
(\$ million)					
Revenue	9,140	10,082	13,965	12,380	13,283
Operating profit	1,671	2,824	2,621	2,134	2,373
Profit before tax	2,550	3,313	3,256	2,794	2,889
Net profit attributable to shareholders of the Company	1,591	1,946	2,237	1,846	1,885
Selected Balance Sheet Data					
(\$ million)					
Fixed assets & properties	5,451	7,326	8,760	5,986	4,661
Investments	4,618	5,350	5,909	6,192	5,718
Stocks, debtors, cash & long term assets	11,467	12,325	14,428	17,792	19,815
Intangibles	108	99	110	86	102
Assets classified as held for sale	0	0	0	0	1,259
Total assets	21,644	25,100	29,207	30,056	31,555
Less:					
Creditors	7,689	8,195	8,059	8,825	8,728
Borrowings	4,068	4,877	7,208	7,100	7,383
Other liabilities	232	267	362	442	266
Liabilities directly associated with assets classified as held for sale	0	0	0	0	450
Net assets	9,655	11,761	13,578	13,689	14,728
Share capital & reserves	6,619	7,699	9,246	9,701	10,381
Non-controlling interests	3,036	4,062	4,332	3,988	4,347
Capital employed	9,655	11,761	13,578	13,689	14,728
Per Share					
Earnings (cents) (Note 1):					
Before tax	110.1	130.9	148.5	120.5	123.9
After tax	90.4	109.4	124.8	102.3	103.8
Total distribution (cents)	38.2	43.0	73.6	49.5	48.0
Net assets (\$)	3.75	4.32	5.14	5.37	5.73
Net tangible assets (\$)	3.69	4.26	5.08	5.32	5.67
Financial Ratios					
Return on shareholders' funds (%) (Note 2):					
Profit before tax	30.8	32.5	31.4	23.0	22.4
Net profit	25.3	27.2	26.4	19.5	18.8
Dividend cover (times)	2.4	2.5	1.7	2.1	2.2
Net cash/(gearing) (times)	0.02	(0.16)	(0.23)	(0.11)	(0.11)
Employees					
Number	31,360	33,747	38,390	39,364	38,732
Wages & salaries (\$ million)	1,367	1,433	1,579	1,668	1,733

Notes:

1. Earnings per share are calculated based on the Group profit by reference to the weighted average number of shares in issue during the year.
2. In calculating return on shareholders' funds, average shareholders' funds has been used.

2014

Group revenue of \$13,283 million for 2014 was \$903 million or 7% higher than that for the full year of 2013. Offshore & Marine Division's revenue of \$8,556 million was 20% above the \$7,126 million for 2013, driven mainly by progress from on-going jobs. Major jobs completed in 2014 include 7 jack-up rigs, 3 FPSO upgrades, 2 FPSO conversions, one FPSO integration and one semi upgrade. Revenue from the Infrastructure Division decreased by \$525 million to \$2,934 million mainly due to lower revenue contributed by Keppel Infrastructure's power generation plant, partially offset by stronger contribution from Keppel Telecommunications & Transportation's logistics and data centre businesses. The Property Division saw its revenue weakened by 2% to \$1,729 million mainly from weaker sales in Singapore. In addition, Keppel REIT did not contribute any revenue in 2014 as it was deconsolidated from 31 August 2013. This was partly offset by sale of a residential development in Jeddah, Saudi Arabia.

The Group's pre-tax profit for the current year was \$2,889 million, \$95 million or 3% above the previous year. The Offshore & Marine Division posted a higher pre-tax profit of \$1,365 million mainly from better operating results and higher interest income partially offset by lower share of associated companies' profits. Profit from the Infrastructure Division increased by \$379 million to \$452 million due mainly to better operating results from both Keppel Infrastructure and Keppel Telecommunications & Transportation as well as gains from divestments of data centre assets and Keppel FMO. The Property Division's profit of \$1,017 million for 2014 was \$422 million or 29% below that of 2013. Lower operating results, lower fair value gains on investment properties and absence of gains from deconsolidation of Keppel REIT recognised in 2013 was partially offset by gains from the disposals of Equity Plaza, Prudential Tower and MBFC T3 in 2014.

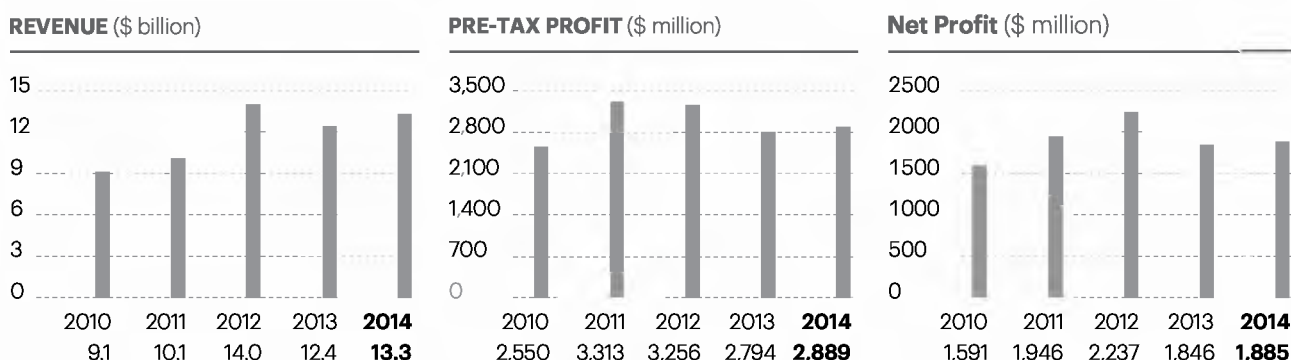
Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,885 million, \$39 million or 2% higher than last year. The Offshore & Marine Division was the largest contributor to Group net profit at 55%, followed by the Property Division's 26%, the Infrastructure Division's 17% and the Investments Division's at 2%.

2013

Group revenue was \$12,380 million as compared to \$13,965 million for 2012. Many jobs started during the year have not reached the stage of revenue recognition resulting in the revenue of Offshore & Marine Division falling by 11% to \$7,126 million. In 2013, 22 major new builds, comprising 20 jack-ups, an accommodation semi and a semi-submersible, were completed. Other significant jobs completed include a drillship upgrade, a semi upgrade, several FPSO projects and a diving support vessel. Revenue from Infrastructure Division increased by \$627 million to \$3,459 million due to higher revenue contributed by the co-generation power plant in Singapore. Property Division saw its revenue weakened by 41% to \$1,768 million mainly from decline in sales recognition of Reflections at Keppel Bay units arising from the deliveries of residential units sold under the deferred payment scheme in 2012 which was not repeated in 2013.

At the pre-tax level, Group profit went down by \$462 million from \$3,256 million in 2012 to \$2,794 million for the current year. Offshore & Marine Division posted a higher pre-tax profit of \$1,202 million mainly from an increase in share of associated companies' profits partly offset by a decrease in operating results. Profit from Infrastructure Division picked up by 24% to \$73 million due mainly to improved performance by its power and gas business. There was also a reversal of provision following the finalisation of the sale of the power barge. This was partly offset by losses arising from cost overruns pertaining to the Engineering, Procurement and Construction (EPC) contracts. Property Division profit of \$1,439 million was 20% lower than profit of \$1,809 million for 2012. Reflections at Keppel Bay recorded higher profits in the previous year as it benefited from revenue recognition from the deliveries of residential units sold under the deferred payment scheme. There were also lower gains from investment properties in 2013. This reduction was partially offset by higher contribution of profit from China, profit from the sale of Jakarta Garden City project and gain from deconsolidation of Keppel REIT during the current year. Fewer disposals of equity investments in 2013 resulted in the decline of Investments Division's profit to \$80 million.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,846 million, \$391 million or 17% lower than last year. The Offshore & Marine Division was the largest contributor to Group net profit at 51%, followed by the Property Division's 45%.



2012

Group revenue of \$13,965 million was 39% higher than 2011. Revenue from Offshore & Marine Division of \$7,963 million was 40% above that of the previous year due to higher volume of work. The Division completed and delivered two semisubmersible rigs, one semisubmersible rig upgrade, four jack-up rigs, one multi-purpose self-elevating platform, one drillship outfitting, four FPSO conversions/upgrades, one FPSO module fabrication and integration, one FSU upgrade, one pipelay vessel completion, two specialised vessels and several upgrade/repair projects. Revenue from Infrastructure Division decreased slightly by \$31 million or 1% to \$2,832 million. Lower revenue from EPC contracts was partly offset by higher revenue generated from the co-generation power plant in Singapore. Revenue from Property Division of \$3,018 million was 106% above 2011. The lumpy revenue was due mainly to higher contributions from Reflections at Keppel Bay following the delivery of residential units sold under the deferred payment scheme to the purchasers. This high level of revenue is not expected in 2013 as revenue recognition from sale of Reflections at Keppel Bay is expected to be lower.

At the pre-tax level, Group profit of \$3,256 million was 2% lower than 2011. Pre-tax earnings from Offshore & Marine Division decreased by 13% to \$1,193 million, principally because of lower margins for rig building contracts. Profit from Infrastructure Division increased by 66% to \$59 million as a result of better performance from Keppel Energy, partly offset by losses from Keppel Integrated Engineering. Profit from Property Division decreased from \$1,875 million to \$1,809 million due to lower net fair value gain on investment properties, partly offset by higher contribution from associated companies and higher contribution from Reflections at Keppel Bay.

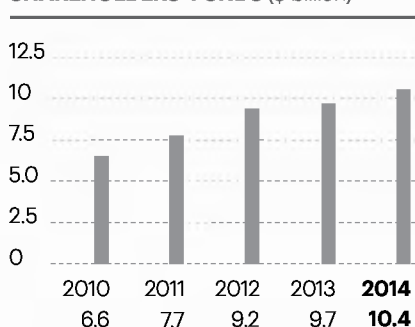
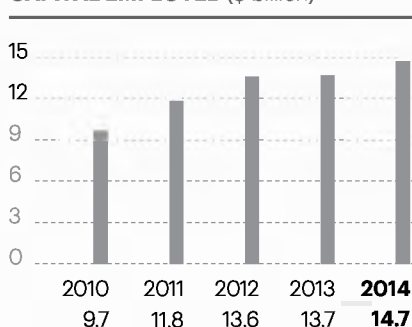
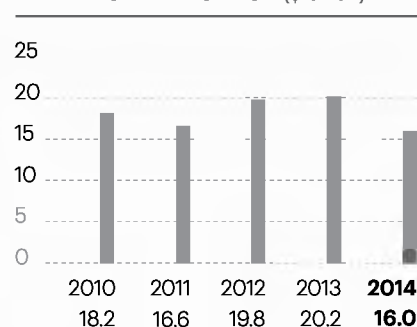
Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$2,237 million, \$291 million or 15% higher than last year. The Property Division was the largest contributor to Group net profit at 48%, followed by the Offshore & Marine Division's 42%.

2011

Group revenue exceeded \$10 billion, which was 10% higher than 2010. Revenue from Offshore & Marine Division of \$5,706 million was slightly above that of the previous year. During the year, the Division completed and delivered eight rigs, seven major FPSO/FSO conversion projects and eleven specialised vessels, among other repair, upgrade and completion projects. Revenue from Infrastructure Division increased by \$353 million or 14% to \$2,863 million. Higher revenue generated from the cogen power plant in Singapore was partly offset by lower revenue from Keppel Integrated Engineering. Revenue from Property Division of \$1,467 million was \$425 million or 41% above the previous year. Overseas operations reported higher revenue, due largely to the completion of several projects/phases in India, China and Vietnam in 2011. Higher revenue was also reported by Singapore trading projects, such as Reflections at Keppel Bay, The Lakefront Residences, The Luxurie and Madison Residences due to higher sales and percentage of physical completion achieved.

At the pre-tax level, Group profit of \$3,313 million was 30% higher than FY 2010. Pre-tax earnings from Offshore & Marine Division increased by 13% to \$1,371 million. This was due to cost savings and higher margins on jobs. Profit from Infrastructure Division was \$35 million in 2011 as compared to a loss of \$44 million in 2010. This was mainly attributable to better performance from Keppel Energy and lower provisions for cost overruns and completion delays for the EPC contract in Qatar. Property Division recorded profit of \$1,875 million, an increase of 41% over the preceding year. This was mainly attributable to higher contribution from several residential projects in Singapore, China and Vietnam as well as higher net fair value gain on investment properties. Profit from Investments Division was lower due to higher costs and impairment of non-performing assets in 2011.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,946 million, \$355 million or 22% higher than last year. The Offshore & Marine Division was the largest contributor to Group net profit at 52%, followed by the Property Division's 47%.

SHAREHOLDERS' FUNDS (\$ billion)**CAPITAL EMPLOYED** (\$ billion)**MARKET CAPITALISATION** (\$ billion)

2010

Group revenue of \$9,140 million was 24% lower than last year. Revenue from Offshore & Marine Division of \$5,577 million decreased by \$2,696 million or 33% because of a lower volume of work. During the year, the Division completed and delivered twelve rigs, seventeen specialised vessels, five FPSO conversions/upgrades and several rig upgrade/repair contracts. Revenue from Infrastructure Division increased by \$83 million or 3% to \$2,510 million. Higher revenue generated from the cogen power plant in Singapore was partly offset by lower revenue from EPC contracts in Qatar. Revenue from Property Division of \$1,042 million was \$209 million or 17% lower than the previous year. The decrease was mainly attributable to lower sales of residential homes partially offset by higher progressive revenue recognition from Reflections at Keppel Bay. Rental income from investment properties improved because of the acquisitions of investment buildings in Australia in 2010 and additional six strata floors of Prudential Tower in November 2009.

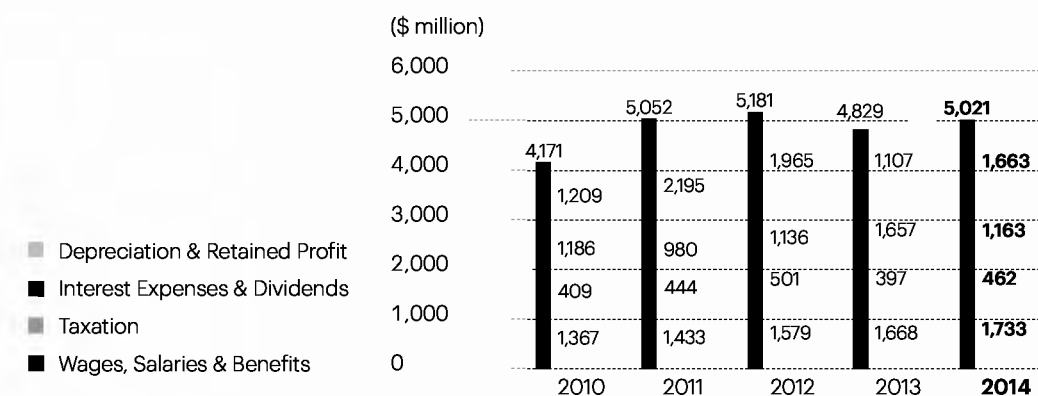
At the pre-tax level, Group profit of \$2,550 million was 23% higher than FY 2009. Pre-tax earnings from Offshore & Marine Division increased by 14% to \$1,210 million. This was due to improved margins driven by cost efficiencies and higher productivity on delivered contracts. Loss from Infrastructure Division of \$44 million in 2010 was higher than the loss of \$19 million in 2009. This was mainly attributable to losses from EPC contracts in Qatar, partly offset by better performance from the cogen power plant in Singapore and the absence of impairment of non-performing assets recorded in 2009. Property Division recorded profit of \$1,332 million, an increase from the \$338 million profit recorded in the preceding year. This was mainly attributable to the net fair value gain on investment properties in 2010 as compared to the impairment of investment properties recorded in 2009, as well as higher contribution from several residential projects in Singapore, China and Vietnam, and share of profit of the associated company developing Marina Bay Suites in Singapore. Profit from Investments Division was lower as the previous year included profit from the disposal of Singapore Petroleum Company.

Taking into account income tax expenses and non-controlling interests, net profit attributable to shareholders was \$1,591 million, \$51 million or 3% higher than last year. The Offshore & Marine Division was the largest contributor to Group net profit at 61%, followed by the Property Division's 42%, partially offset by losses in the Infrastructure Division.

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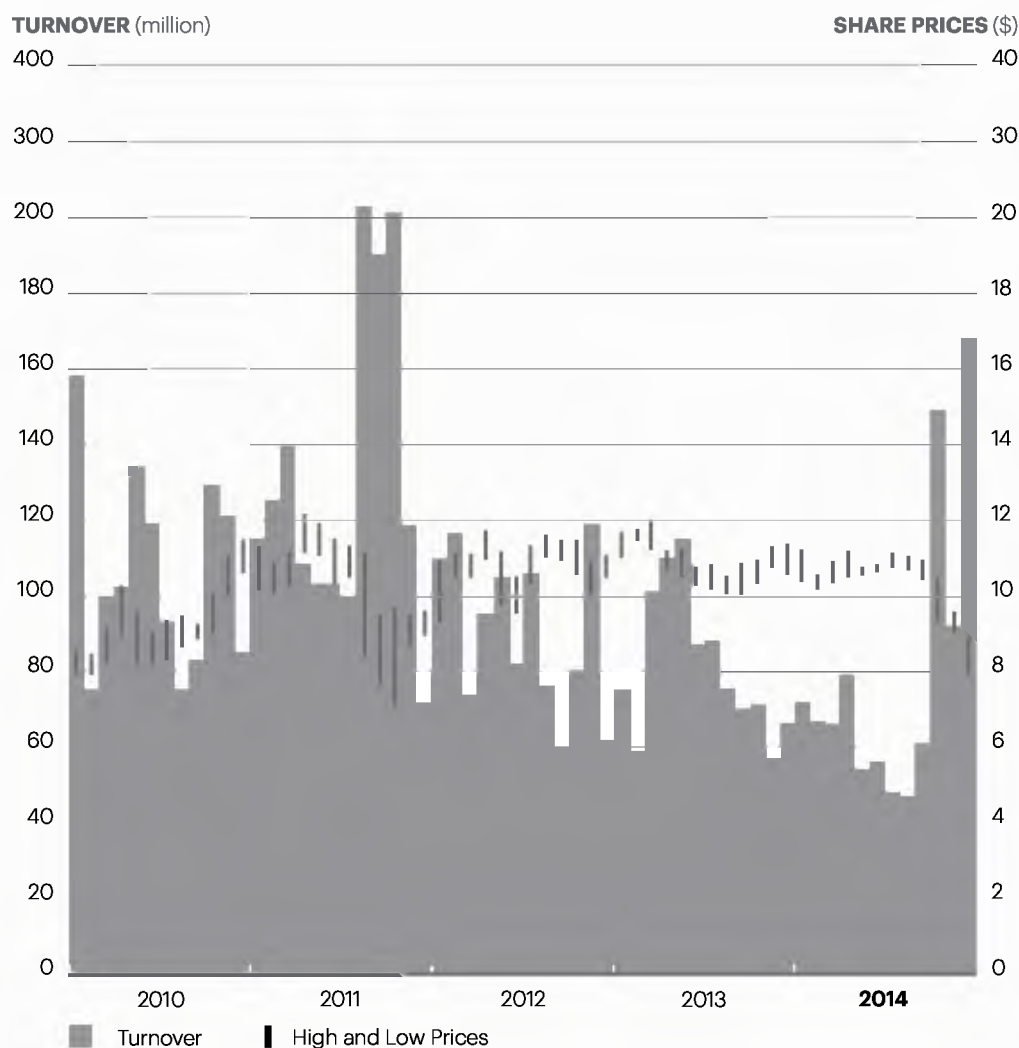
Group Value-Added Statements

	2010	2011	2012	2013	2014
(\$ million)					
Value added from:					
Revenue earned	9,140	10,082	13,965	12,380	13,283
Less: purchases of materials and services	(6,028)	(6,544)	(9,779)	(8,696)	(9,474)
Gross value added from operation	3,112	3,538	4,186	3,684	3,809
In addition:					
Interest and investment income	120	139	167	158	145
Share of associated companies' profits	1,054	448	603	626	504
Other operating (expenses) / income	(115)	927	225	361	563
	4,171	5,052	5,181	4,829	5,021
Distribution of Group's value added:					
To employees in wages, salaries and benefits	1,367	1,433	1,579	1,668	1,733
To government in taxation	409	444	501	397	462
To providers of capital on:					
Interest on borrowings	65	98	135	125	134
Dividends to our partners in subsidiaries	130	158	212	175	266
Dividends to our shareholders	991	724	789	1,357	763
	1,186	980	1,136	1,657	1,163
Total Distribution	2,962	2,857	3,216	3,722	3,358
Balance retained in the business:					
Depreciation & amortisation	189	208	211	242	265
Non-controlling interests share of profits	420	765	306	376	276
Retained profit for the year	600	1,222	1,448	489	1,122
	1,209	2,195	1,965	1,107	1,663
	4,171	5,052	5,181	4,829	5,021
Number of employees	31,360	33,747	38,390	39,364	38,732
Productivity data:					
Gross value added per employee (\$'000)	99	105	109	94	98
Gross value added per dollar employment cost (\$)	2.28	2.47	2.65	2.21	2.20
Gross value added per dollar sales (\$)	0.34	0.35	0.30	0.30	0.29



Share Performance

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	2010	2011	2012	2013	2014
Share Price (\$)*					
Last transacted (Note 3)	10.29	9.30	11.00	11.19	8.85
High	10.42	12.18	11.67	11.93	11.24
Low	7.15	7.02	9.32	10.01	7.91
Volume weighted average (Note 2)	8.27	9.88	10.75	10.87	10.01
Per Share					
Earnings (cents) (Note 1)	90.4	109.4	124.8	102.3	103.8
Total distribution (cents)	38.2	43.0	73.6	49.5	48.0
Distribution yield (%) (Note 2)	4.6	4.4	6.9	4.6	4.8
Net price earnings ratio (Note 2)	9.1	9.0	8.6	10.6	9.6
Net assets backing (\$)	3.69	4.26	5.08	5.32	5.70
At Year End					
Share price (\$)	10.29	9.30	11.00	11.19	8.85
Distribution yield (%) (Note 3)	3.7	4.6	6.7	4.4	5.4
Net price earnings ratio (Note 3)	11.4	8.5	8.8	10.9	8.5
Net price to book ratio (Note 3)	2.8	2.2	2.2	2.1	1.6

Notes:

1. Earnings per share are calculated based on the Group net profit by reference to the weighted average number of shares in issue during the year.
 2. Volume weighted average share price is used in calculating distribution yield and net price earnings ratio.
 3. Last transacted share price is used in calculating distribution yield, net price earnings ratio and net price to book ratio.
- * Historical share prices are not adjusted for special dividends, capital distribution and distribution *in specie*.

Shareholding Statistics

As at 4 March 2015

Issued and Fully paid-up capital (including Treasury Shares) : \$1,288,393,382.98
 Issued and Fully paid-up capital (excluding Treasury Shares) : \$1,278,782,809.54
 Number of Issued shares (including Treasury Shares) : 1,817,910,180
 Number of Issued shares (excluding Treasury Shares) : 1,816,736,960
 Number/Percentage of Treasury Shares : 1,173,220 (0.06%)
 Class of Shares : Ordinary Shares
 Voting Rights : One Vote Per Share. The Company cannot exercise any voting right in respect of treasury shares.

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 99	82	0.14	2,520	0.00
100 - 1,000	14,721	24.33	12,685,598	0.70
1,001 - 10,000	38,346	63.38	144,263,803	7.94
10,001 - 1,000,000	7,311	12.08	226,230,777	12.45
1,000,001 & Above	41	0.07	1,433,554,262	78.91
Total	60,501	100.00	1,816,736,960	100.00

Twenty Largest Shareholders as at 4 March 2015	Number of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.45
Citibank Nominees Singapore Pte Ltd	293,178,607	16.14
DBS Nominees Pte Ltd	239,964,089	13.21
HSBC (Singapore) Nominees Pte Ltd	121,873,266	6.71
DBSN Services Pte Ltd	92,908,020	5.11
BNP Paribas Securities Services	77,217,383	4.25
Raffles Nominees (Pte) Ltd	61,711,947	3.40
United Overseas Bank Nominees Pte Ltd	54,149,815	2.98
Bank of Singapore Nominees Pte Ltd	20,154,013	1.11
DB Nominees (S) Pte Ltd	12,887,622	0.71
OCBC Nominees Singapore Pte Ltd	7,844,728	0.43
Shanwood Development Pte Ltd	7,040,000	0.39
Teo Soon Hoe	6,166,322	0.34
Choo Chiau Beng	5,246,274	0.29
UOB Kay Hian Pte Ltd	5,208,371	0.29
OCBC Securities Private Ltd	5,024,143	0.27
DBS Vickers Securities (S) Pte Ltd	3,914,170	0.21
BNP Paribas Nominees Singapore Pte Ltd	3,890,109	0.21
Phillip Securities Pte Ltd	3,412,388	0.19
Tong Chong Heong	2,993,597	0.16
Total	1,396,193,156	76.85%

Substantial Shareholders

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
Temasek Holdings (Private) Limited	371,408,292	20.45%	9,296,996	0.51%	380,705,288	20.96%
Aberdeen Asset Management PLC	-	-	131,541,136	7.24%	131,541,136	7.24%
Aberdeen Asset Management Asia Limited	-	-	122,664,400	6.75%	122,664,400	6.75%
BlackRock, Inc	-	-	99,805,217	5.49%	99,805,217	5.49%
The PNC Financial Services Group, Inc	-	-	99,805,821	5.49%	99,805,821	5.49%

Notes:

- (i) Temasek Holdings (Private) Limited is deemed interested in an aggregate of 9,296,996 shares in which its subsidiaries and associated companies have an interest.
- (ii) Aberdeen Asset Management PLC (AAMPLC) is deemed to be interested in an aggregate of 131,541,136 shares held by various accounts managed or advised by AAMPLC over which AAMPLC has disposal and voting rights.
- (iii) Aberdeen Asset Management Asia Limited (AAMAL) is deemed to be interested in an aggregate of 122,664,400 shares held by various accounts managed or advised by AAMAL over which AAMAL has disposal and voting rights.
- (iv) BlackRock, Inc is deemed to be interested in an aggregate of 99,805,217 shares held through its various subsidiaries.
- (v) The PNC Financial Services Group, Inc is deemed to be interested in the 99,805,217 shares held through BlackRock, Inc through its over 20% ownership of BlackRock, Inc. as well as 604 ordinary shares represented by 302 American Depositary Receipts through other entities.

Public Shareholders

Based on the information available to the Company as at 4 March 2015, approximately 66% of the issued shares of the Company is held by the public and therefore, pursuant to Rules 723 and 1207 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of the Company is at all times held by the public.

Notice of Annual General Meeting & Closure of Books

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Keppel Corporation

Keppel Corporation Limited

Co Reg No. 196800351N

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting of the Company will be held at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 on Friday, 17 April 2015 at 3.00 p.m. to transact the following business:

Ordinary Business

- | | | |
|----|--|---------------------|
| 1. | To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2014. | Resolution 1 |
| 2. | To declare a final tax-exempt (one-tier) dividend of 36.0 cents per share for the year ended 31 December 2014 (2013: final tax-exempt (one-tier) dividend of 30.0 cents per share). | Resolution 2 |
| 3. | To re-elect the following directors, each of whom will be retiring by rotation pursuant to Article 81B of the Company's Articles of Association and who, being eligible, offers himself/herself for re-election pursuant to Article 81C (see Note 2): | |
| | (i) Dr Lee Boon Yang | Resolution 3 |
| | (ii) Mrs Oon Kum Loon | Resolution 4 |
| | (iii) Mr Tan Puay Chiang | Resolution 5 |
| 4. | To re-elect Mr Till Vestring, whom being appointed by the board of directors after the last annual general meeting, will retire in accordance with Article 81A(1) of the Company's Articles of Association and who, being eligible, offers himself for re-election (see Note 2). | Resolution 6 |
| 5. | To approve the sum of S\$2,154,915 as directors' fees for the year ended 31 December 2014 (2013: \$2,149,500) (see Note 3). | Resolution 7 |
| 6. | To re-appoint the Auditors and authorise the directors of the Company to fix their remuneration. | Resolution 8 |

Special Business

To consider and, if thought fit, to pass with or without any modifications, the following Ordinary Resolutions:

- | | | |
|----|---|---------------------|
| 7. | That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "Companies Act") and Article 48A of the Company's Articles of Association, authority be and is hereby given to the directors of the Company to: | Resolution 9 |
| | (1) (a) issue shares in the capital of the Company ("Shares"), whether by way of rights, bonus or otherwise, and including any capitalisation pursuant to Article 124 of the Company's Articles of Association of any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; and/or | |
| | (b) make or grant offers, agreements or options that might or would require Shares to be issued (including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares) (collectively "Instruments"), | |

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

Notice of Annual General Meeting & Closure of Books

- (2) (notwithstanding that the authority so conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the directors of the Company while the authority was in force;

provided that:

- (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed fifty (50) per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution and any adjustment effected under any relevant Instrument) shall not exceed five (5) per cent. of the total number of issued Shares (excluding treasury Shares) (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury Shares) at the time this Resolution is passed, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or sub-division of Shares;
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Companies Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier (see Note 4).

8. That:

Resolution 10

- (1) for the purposes of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (a) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or
 - (b) off-market purchase(s) (each an "Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

- (2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (a) the date on which the next annual general meeting of the Company is held or is required by law to be held; or
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

- (3) in this Resolution:

“Maximum Limit” means that number of issued Shares representing five (5) per cent. of the total number of issued Shares as at the date of the last annual general meeting or at the date of the passing of this Resolution, whichever is higher, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury Shares that may be held by the Company from time to time);

“Relevant Period” means the period commencing from the date on which the last annual general meeting was held and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which is:

- (a) in the case of a Market Purchase, 105 per cent. of the Average Closing Price (as hereafter defined); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Average Closing Price,

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) Market Days (a “Market Day” being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, in the case of Market Purchases, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days, or in the case of Off-Market Purchases, before the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (4) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution (see Note 5).

Notice of Annual General Meeting & Closure of Books

9. That:

Resolution 11

- (1) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and target associated companies (as defined in Appendix 2 to this Notice of Annual General Meeting ("Appendix 2")), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions described in Appendix 2, with any person who falls within the classes of Interested Persons described in Appendix 2, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in Appendix 2 (the "IPT Mandate");
- (2) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next annual general meeting is held or is required by law to be held, whichever is the earlier;
- (3) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and
- (4) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution (see Note 6).

To transact such other business which can be transacted at the annual general meeting of the Company.

NOTICE IS ALSO HEREBY GIVEN THAT:

- (a) the Share Transfer Books and the Register of Members of the Company will be closed on 24 April 2015 at 5.00 p.m., for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 24 April 2015 will be registered to determine shareholders' entitlement to the proposed final dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 24 April 2015 will be entitled to the proposed final dividend. The proposed final dividend if approved at this annual general meeting will be paid on 6 May 2015; and
- (b) the electronic copy of the Company's Annual Report 2014 will be published on the Company's website on 26 March 2015. The Company's website address is <http://www.kepcorp.com>, and the electronic copy of the Annual Report 2014 can be viewed or downloaded from the "Financial Reports" section, which can be accessed from the main menu item "Investor Centre". To view the electronic copy of the Annual Report 2014, you will need the Adobe Reader installed on your computer, which can be downloaded free of charge at <http://get.adobe.com/reader>.

BY ORDER OF THE BOARD



Caroline Chang/Kelvin Chua
Company Secretaries

Singapore, 26 March 2015

Notes:

1. A member is entitled to appoint one proxy or two proxies to attend and vote in his place. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for holding the annual general meeting.
2. Detailed information on these directors can be found in the "Board of Directors" section of the Company's Annual Report.

Dr Lee Boon Yang will upon re-election continue to serve as the Chairman of the Board and member of the Nominating Committee, Remuneration Committee and Board Safety Committee. Dr Lee was formerly Minister for Informations, Communications and the Arts, and Member of Parliament. He stood as a candidate in the Singapore General Elections in 1984 and won the Jalan Besar parliamentary seat, which he held for six consecutive terms till his retirement in 2011. He is currently also the Chairman of the boards of Singapore Press Holdings Limited, Singapore Press Holdings Foundation Limited and Keppel Care Foundation Limited.

Mrs Oon Kum Loon will upon her re-election continue to serve as the Chairman of the Board Risk Committee and member of the Audit Committee and Remuneration Committee. Mrs Oon is a veteran banker with about 30 years of extensive experience, having held a number of management and executive positions with the DBS Group. She was the Chief Financial Officer of the bank until September 2003. Prior to that, Mrs Oon was the Managing Director & Head of Group Risk Management, responsible for the development and implementation of a group-wide integrated risk management framework. She is currently a director of Keppel Land Limited, Singapore Power Limited and Jurong Port Pte Ltd.

Mr Tan Puay Chiang will upon his re-election continue to serve as a member of the Board Risk Committee and Board Safety Committee. Mr Tan was formerly Chairman, ExxonMobil (China) Investment Co. During his 37-year career with Mobil and later ExxonMobil, he held executive management roles in Australia, Singapore and the United States. These included the executive positions of Vice-President, Mobil Research & Technology Corp, United States; and Chairman of Mobil Oil Australia. His other directorships include Neptune Orient Lines Limited, Singapore Power Limited and SP Services Limited. He is also a member of the Board of the Energy Studies Institute at the National University of Singapore.

Mr Till Vestring is a partner in Bain & Company's Southeast Asia office and has more than 20 years of management consulting experience in Asia, advising leading companies on portfolio strategy, growth, mergers and acquisitions, merger integration, organisation and performance improvement. From 2007 to 2013, Mr Vestring served as the Managing Partner of Bain's Southeast Asia operations with offices in Singapore, Jakarta, Kuala Lumpur and Bangkok. He is a leader in Bain's Industrial Goods & Services practice and a member of Bain's Telecommunications, Media and Technology practices.

Dr Lee Boon Yang, Mrs Oon Kum Loon, Mr Tan Puay Chiang and Mr Till Vestring are considered by the Board to be independent directors. Please see page 94 of the Company's Annual Report.

3. Resolution 7 is to approve the payment of an aggregate sum of S\$2,154,915 as directors' fees for the non-executive directors of the Company for FY2014. If approved, each of the non-executive directors (including the Chairman) will receive 70% of his total directors' fees in cash ("Cash Component") and 30% in the form of shares in the capital of the Company ("Remuneration Shares") (both amounts subject to adjustment as described below). The actual number of Remuneration Shares, to be purchased from the market on the first trading day immediately after the date of the annual general meeting ("Trading Day") for delivery to the respective non-executive directors, will be based on the market price of the Company's shares on the SGX-ST on the Trading Day. The actual number of Remuneration Shares will be rounded down to the nearest thousand and any residual balance will be paid in cash.

The Remuneration Shares will rank *pari passu* with the then existing issued Shares. Details of the Directors' remuneration can be found on page 102 of the Company's Annual Report. The non-executive directors will abstain from voting, and will procure that their respective associates abstain from voting, in respect of this Resolution.

4. Resolution 9 is to empower the directors from the date of the annual general meeting until the date of the next annual general meeting to issue Shares and Instruments in the Company, up to a number not exceeding 50 per cent. of the total number of Shares (excluding treasury Shares) (with a sub-limit of 5 per cent. of the total number of Shares (excluding treasury Shares) in respect of Shares to be issued other than on a *pro rata* basis to shareholders). The 5 per cent. sub-limit for non-*pro rata* issues is lower than the 20 per cent. sub-limit allowed under the Listing Manual of the SGX-ST and the Articles of Association of the Company. Of the 5 per cent. sub-limit, in relation to the Company's Restricted Share Plan and Performance Share Plan (collectively, the "Share Plans"), the Company shall not award shares ("Awards") under the Share Plans exceeding in aggregate 2 per cent. of the total number of issued shares in the capital of the Company ("Yearly Limit"). However, if the Yearly Limit is not fully utilised in any given year, the balance of the unutilised Yearly Limit may be used by the Company to make grants of Awards in subsequent years. For the purpose of determining the total number of Shares (excluding treasury Shares) that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury Shares) at the time that this Resolution is passed, after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 9 is passed, and any subsequent bonus issue, consolidation or sub-division of Shares.
5. Resolution 10 relates to the renewal of the Share Purchase Mandate which was originally approved by Shareholders on 18 February 2000 and was last renewed at the annual general meeting of the Company on 17 April 2014. At this annual general meeting, the Company is seeking a "Maximum Limit" of 5 per cent. of the total number of issued Shares, which is lower than the 10 per cent. Maximum Limit allowed under the Companies Act, Chapter 50 of Singapore. Please refer to Appendix 1 to this Notice of Annual General Meeting for further details.
6. Resolution 11 relates to the renewal of a mandate given by Shareholders on 22 May 2003 allowing the Company, its subsidiaries and target associated companies to enter into transactions with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST. Please refer to Appendix 2 to this Notice of Annual General Meeting for details.

7. **Personal Data Privacy:**

By submitting an instrument appointing proxy or proxies, and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure of such individual's personal data for the Purposes.

Corporate Information

BOARD OF DIRECTORS

Lee Boon Yang (Chairman)
 Loh Chin Hua (Chief Executive Officer)
 Tony Chew Leong-Chee
 Oon Kum Loon (Mrs)
 Tow Heng Tan
 Alvin Yeo Khirn Hai
 Tan Ek Kia
 Danny Teoh
 Tan Puay Chiang
 Till Vestring

AUDIT COMMITTEE

Danny Teoh (Chairman)
 Tony Chew Leong-Chee
 Oon Kum Loon (Mrs)
 Alvin Yeo Khirn Hai

REMUNERATION COMMITTEE

Danny Teoh (Chairman)
 Lee Boon Yang
 Oon Kum Loon (Mrs)
 Tow Heng Tan

NOMINATING COMMITTEE

Tony Chew Leong-Chee (Chairman)
 Lee Boon Yang
 Tow Heng Tan
 Tan Ek Kia
 Alvin Yeo

BOARD RISK COMMITTEE

Oon Kum Loon (Mrs) (Chairman)
 Tow Heng Tan
 Danny Teoh
 Tan Puay Chiang
 Tan Ek Kia

BOARD SAFETY COMMITTEE

Tan Ek Kia (Chairman)
 Lee Boon Yang
 Loh Chin Hua
 Tan Puay Chiang

COMPANY SECRETARIES

Caroline Chang
 Kelvin Chua

REGISTERED OFFICE

1 HarbourFront Avenue
 #18-01 Keppel Bay Tower
 Singapore 098632
 Telephone: (65) 6270 6666
 Facsimile No.: (65) 6413 6391
 Email: keppelgroup@kepcorp.com
 Website: www.kepcorp.com

SHARE REGISTRAR

B.A.C.S. Private Limited
 63 Cantonment Road
 Singapore 089758

AUDITORS

Deloitte & Touche LLP
 Certified Public Accountants
 6 Shenton Way
 OUE Downtown 2
 #32-00
 Singapore 068809
 Audit Partner: Cheung Pui Yuen
 Year appointed: 2011

Financial Calendar

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FY 2014

Financial year-end	31 December 2014
Announcement of 2014 1Q results	16 April 2014
Announcement of 2014 2Q results	24 July 2014
Announcement of 2014 3Q results	21 October 2014
Announcement of 2014 full year results	22 January 2015
Despatch of Annual Report to Shareholders	26 March 2015
Annual General Meeting	17 April 2015
2014 Proposed final dividend	
Books closure date	5.00 p.m., 24 April 2015
Payment date	6 May 2015

FY 2015

Financial year-end	31 December 2015
Announcement of 2015 1Q results	April 2015
Announcement of 2015 2Q results	July 2015
Announcement of 2015 3Q results	October 2015
Announcement of 2015 full year results	January 2016

Keppel Corporation**Keppel Corporation Limited**

Co Reg No. 196800351N

(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING**Proxy Form****IMPORTANT****CPF Investors**

- For investors who have used their CPF monies to buy Keppel Corporation Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to attend the Annual General Meeting as observers have to submit their requests through their CPF Approved Nominees so that their CPF Approved Nominee may register, within the specified timeframe, with the Company's Share Registrar. (CPF Approved Nominee: Please refer to Note No. 8 on the reverse side of this form on the required details.)
- CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

Personal Data Privacy

By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 March 2015.

I/We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a member/members of KEPPEL CORPORATION LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings	
			No. of Shares	%

as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company ("AGM") to be held on 17 April 2015 at Raffles City Convention Centre, Stamford Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the meeting and at any adjournment thereof.

Resolutions	Number of Votes For *	Number of Votes Against *
Ordinary Business		
1. Adoption of Directors' Report and Audited Financial Statements		
2. Declaration of dividend		
3. Re-election of Dr Lee Boon Yang as director		
4. Re-election of Mrs Oon Kum Loon as director		
5. Re-election of Mr Tan Puay Chiang as director		
6. Re-election of Mr Till Vestring as director		
7. Approval of directors' fee to non-executive directors		
8. Re-appointment of Auditors		
Special Business		
9. Issue of additional shares and convertible instruments		
10. Renewal of Share Purchase Mandate		
11. Renewal of Shareholders' Mandate for Interested Person Transactions		

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this _____ day of _____ 2015

Total Number of Shares held	
--------------------------------	--

Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. However, if you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. Where a member of the Company appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.
3. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies will be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy or proxies to the meeting.

 Fold along this line (1)

Affix
Postage
Stamp

The Company Secretary
 Keppel Corporation Limited
 1 HarbourFront Avenue
 #18-01 Keppel Bay Tower
 Singapore 098632

 Fold along this line (2)

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Annual General Meeting as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Shares held. The list, signed by an authorised signatory of the CPF Approved Nominee, should reach the Company's Share Registrar, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758 at least 48 hours before the time fixed for the Annual General Meeting.

Edited and Compiled by

Group Corporate Communications, Keppel Corporation

Designed by

Sedgwick Richardson

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#18-01 Keppel Bay Tower
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